

JOINT STUDY SESSION  
MEDFORD CITY COUNCIL AND  
PLANNING COMMISSION



For Study Session on  
September 24, 2018

Dinner at 5:30 p.m.  
Study Session at 6:00 p.m.  
The Prescott Room



## Planning Commission

# Agenda

### Study Session

September 24, 2018

6:00 p.m.

**Prescott Room, Police Station**

219 South Ivy Street, Medford, Oregon

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10. Introductions
20. Discussion items
  - 20.1 Cottage Housing
  - 20.2 **DCA-18-113** Accessory Dwelling Units
  - 20.3 **CP-16-075 & DCA-18-120** Urbanization Plans
30. Adjournment

Meeting locations are generally accessible to persons with disabilities. To request interpreters for hearing impaired or other accommodations for persons with disabilities, please contact the ADA Coordinator at (541) 774-2074 or [ada@cityofmedford.org](mailto:ada@cityofmedford.org) at least three business days prior to the meeting to ensure availability. For TTY, dial 711 or (800) 735-1232.



**MEMORANDUM**

Subject Cottage Housing  
To City Council & Planning Commission *for September 24, 2018 study session*  
From Seth Adams, AICP, Planner III – Long Range Division  
Date September 17, 2018

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**PRESENTATION OUTLINE**

Introduction and Presentation – Seth Adams  
Discussion and Direction – Planning Commission, Mayor and City Council

**BACKGROUND**

Staff was directed at the February 15, 2018 City Council meeting to begin work on the Housing Advisory Committee recommendations. Allowing for the development of cottage housing is considered a high priority item among the recommendations.

**OVERVIEW**

One way to address the housing affordability issue is to allow for a wider variety of housing types, such as cottage housing. Cottage housing developments are generally defined as a development of small, detached, single-family dwelling units that are clustered around a central outdoor common space within a coordinated site plan (Exhibit A). Cottage units are smaller than the standard single-family residence, and while the units are typically oriented towards the central outdoor common space, each cottage also has its own yard and the privacy of a roofed porch.

Cottage housing is typically done as infill development, and while the coordinated design plan and smaller unit sizes allow for densities that are higher than the typical single-family neighborhood, their impacts (both real and perceived) are minimized because of their smaller overall bulk and scale. The site design of cottage housing also encourages neighborhood interaction and safety by orienting homes around a functional community space that is usable and can be easily tailored to the needs of the residents. Cottage housing is ideal for retirees that wish to downsize yet remain in a single-family home and neighborhood, as well as small families and single parent households that desire homeownership.

Due to the unique nature of cottage housing, the existing MLDC regulations would have to be amended in order for this type of housing to be developed in Medford. One of the key elements of successful cottage developments is ownership. Cottage developments

can either be sited on a commonly owned parcel with cottages sold as condominiums, or the units can be owned in fee-simple by subdividing the land into individual parcels and the shared amenities are owned in common (i.e. residential pad lots). Under the existing provisions of the MLDC, cottage housing cannot be developed since residential pad lots are prohibited, and multiple units on a single parcel are not permitted in single-family zones with the exception of SFR-10. In addition to increased densities and allowing for residential pad lots, other key provisions of a cottage housing code amendment would need to include:

- Establishing a minimum lot size
- Establishing a maximum cottage unit size
- Establishing maximum building heights
- Alternative/reduced parking requirements
- Requirements and standards for common and private open space

#### **EXHIBITS**

A Illustration of Typical Cottage Housing Development



Typical Elements of Cottage Housing Development



## MEMORANDUM

Subject Accessory Dwelling Standards (ADU) Update  
File no. DCA-18-113  
To City Council & Planning Commission *for September 24, 2018 study session*  
From Kyle Kearns, Planner II – Long Range Division  
Date September 17, 2018

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### DIRECTION SOUGHT

Staff is seeking direction on the below items:

What ADU standards are the Planning Commission and City Council interested in staff pursuing further? Some options include:

- 1) Amending existing design standards related to ADUs
- 2) Allowing for two ADUs per lot
  - a. One attached and one detached
  - b. Two detached but attached to each other
- 3) Allowing for one Jr. ADU and one detached ADU

What types of ADU incentive programs are of interest to the Planning Commission and City Council?

### PRESENTATION OUTLINE

Introduction and Presentation – Kyle Kearns

Discussion and Direction – Planning Commission, Mayor and City Council

### BACKGROUND

Staff was directed at the February 15, 2018 City Council meeting to begin work on the Housing Advisory Committee recommendation. Incentivizing Accessory Dwelling Units is considered a high priority item among the recommendations.

### OVERVIEW

Housing, like many commodities, becomes more affordable when there are competing options for buyers and renters alike. An ADU much like a duplex, mobile home, apartment or townhome provides one more option for a housing type. The City of

Medford currently allows one accessory dwelling in all Single-Family Zones when the use is that of a single detached home. As proposed in DCA-18-113 (Exhibit A) the City would be changing several of the standards regarding ADUs and are summarized below.

<b>Table-1 Code Provision Comparison for DCA-18-113</b>		
Key Code Provisions	Current code (10.821)	Proposed code (Exhibit A)
Number of permitted ADUs	1	2 (see Exhibits B & C)
Maximum permitted ADU size * when two detached ADUs, they are limited to a total of 900 sq. ft, or 75% of the main dwelling, whichever is smaller	900 sq. ft.	900 sq. ft.*
Permitted in Multi-Family Zones & Commercial zones **when predominant use is single-family or townhome	No	Yes**
Allows for reduction in off-street parking requirements	No	Yes
Percent of the home accounted in determining ADU size	50%	75%
Limitation of one door on front façade	Yes	No
Requirement that alley access be used for ADU	No	Yes

State of Oregon Guidance

The State of Oregon, through the Department of Land Conservation and Development (DLCD) has issued guidance to supplement new requirements mandated by Senate Bill 1051 (which guided the creation of Residential Design Standards). Medford is in compliance with the mandated portions of SB 1051 relating to ADUs, however many of the changes proposed above in Table-1 including the number of permitted ADUs, parking reductions, maximum permitted size, and door orientation are designed after the State’s guidance. For a complete review of this documents visit the below link:

[www.oregon.gov/LCD/docs/ADU\\_Guidance\\_DLCD\\_Final.pdf](http://www.oregon.gov/LCD/docs/ADU_Guidance_DLCD_Final.pdf).

**ACCESSORY TO DEVELOPMENT: KNOWING OTHER CITIES AND THEIR CODES**

In considering updates to ADU code provisions it is also important to know what other cities throughout the State are doing to address the housing type in relation to both development codes and incentive programs.

Other Cities’ Development Codes

Below is a comparison of other Oregon cities. It is important to note through staff’s research it was found that any city permitting two Accessory Dwelling Units only allows so as one attached and one detached.

<b>Table-2 Other Cities and Their Codes</b>					
Key Code Provisions	Grants Pass	Central Point	Bend	Tigard	Portland
Number of permitted ADUs	1	1	1	1 (Proposing 2)	1 (Proposing 2)
Permitted Size (sq. ft.)	1,000	800	600-800	800	800
% of main dwelling	Must be smaller, no %	35%	60%	50%	75%
Parking Requirement	1 space	1 space	1 (may be on-street)	1 space	None
Types of Zones Permitted	Com. & Res.	Residential	Res. or Mixed-Use*	Com. & Res.	Com., Res. & Downtown*

\* Portland and Bend allow for ADUs with single-family homes, townhomes, and manufactured homes.

Other Cities’ Incentive Programs

Easing design requirements such as parking requirements, design considerations and the percentage of the main dwelling can incentivize creation of ADUs by removing regulatory barriers and some of the cost of development (i.e. parking requirements). In addition, other cities have also subsidized the construction of ADUs in a variety of ways.

ECONorthwest is under contract with the City to explore economic incentive programs related to housing, specifically the construction of ADUs. The attached memorandum

outlines the financial feasibility of ADU construction based on various scenarios. (Exhibit D)

Potential incentives provided by ECO include waiving or reducing SDCs, city offered low-interest loans, and permit ready designs provided for by the city. Other potential incentives that have been tried, not suggested by ECO, include providing units to homeowners (for free) who provide the ADU to a homeless person or family, offering incentives when ADUs are preserved for those making at or below the area median income, tax freezes on improvement values, a forgivable loan program

Jr. ADUs as an Alternative

Some cities have also looked to providing an alternative to the ADU, the Jr. ADU. A typical ADU is required to have its own living facilities (kitchen, bathroom, living room, etc.) and permitted to expand past the existing footprint of the primary dwelling; the Jr. ADU is restricted to a much smaller size (150-500 sq. ft.), existing building space (no expansion), and is usually missing a living facility (limited kitchen or no bathroom). An example of a Jr. ADU compared to an ADU can be seen below.

<b>Table-3 ADU v. Jr. ADU</b>		
<b>Requirements</b>	<b>Current ADU code (10.821)</b>	<b>Jr. ADU (typical requirements)</b>
Maximum permitted size	900 sq. ft./50% of dwelling	500 sq. ft./conversion of existing space in primary dwelling.
Kitchen	Full Kitchen	Reduced requirements, may have full kitchen
Bathroom	Yes	May share existing
Parking	Must have two off-street	None required
Owner Occupancy	No	Yes
Administrative Review	Yes	Yes
Not permitted to sell	Yes	Yes
SDC fees	Yes	No

Source: <http://www.hcd.ca.gov/policy-research/docs/FAQsADUjr.pdf>

Staff is presenting the Jr. ADU as an alternative to allowing for two ADUs, as one would only be permitted a Jr. ADU and one Detached ADU in the creation of Jr. ADU standards.

**EXHIBITS**

- A Proposed Text DCA-17-062
- B Graphic Representation of Attached ADU (ADU-A) and Detached ADU (ADU-D)

- C Graphic Representation of Two Detached ADUs (ADU-D) attached together
- D ECONorthwest Memorandum September 14, 2018

For additional information about ADU development, visit the below link:

<https://www.strongtowns.org/journal/2018/9/11/if-youre-going-to-allow-adus-dont-make-it-so-hard-to-build-one>

# Exhibit A

## Proposed Text DCA-18-113

~~Deleted Text~~

New Text

~~Moved Text, Moved Text~~

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### 10.012 Definitions, Specific.

\* \* \*

**Accessory dwelling unit (ADU).** A ~~detached or attached~~ dwelling unit that is additional and auxiliary to an existing single-family dwelling, and is on the same tax lot. A single-family dwelling with an ADU can be distinguished from a duplex through its continuing appearance as a single-family dwelling structure. There are two distinct ADU types, those being:

**Accessory Dwelling Unit - Attached (ADU-A).** An ADU-A is attached to the primary dwelling unit by a shared wall or as an additional story above the existing dwelling unit. Garages and basements attached to the primary dwelling shall be included as a part of the primary dwelling when determining whether an ADU is attached or detached.

**Accessory Dwelling Unit - Detached (ADU-D).** An ADU-D is detached from the primary dwelling and an ADU-A unit by sharing no common walls with a primary dwelling or the ADU-A.

\* \* \*

**Floor, habitable,** means any floor usable for living purposes, which includes working, sleeping, bathing, eating, cooking or recreation, or a combination thereof. A floor used only for storage purposes is not a "habitable floor".

\* \* \*

**Gross Habitable Floor Area.** The cumulative floor area of space for living purposes including, working, sleeping, bathing, eating, cooking, or recreation, or a combination thereof. Storage or utility spaces, unfinished rooms and similar areas are not considered in determining gross habitable floor area. See also floor, habitable.

\* \* \*

**10.033 Continuation of Nonconforming Development.**

Except as otherwise provided in Sections 10.034, Criteria for Nonconformity Expansion or Change through 10.037, Completion of Nonconforming Development, a legal nonconforming structure or use may continue but shall only be changed, while continuing to be nonconforming, as authorized by this chapter.

(1) A structure that is legal nonconforming because of a failure to comply with a requirement of

Articles IV, V, or VI may be altered or reconstructed if the Planning Director finds that the alteration or reconstruction will not result in an aggravation of the nonconformity. A structure that is legal nonconforming because of a public facility deficiency may only be further developed upon meeting the other requirements of this chapter and after provisions have been made to correct the public facility deficiency or to assure that the applicant will meet the pro rata share of the responsibility for correcting the deficiency when the correction takes place.

(2) A single-family residential structure that is legal nonconforming because of a failure to comply with the permitted or conditional uses in Article III may be reconstructed, as it was, if destroyed as in 10.036(2). The new structure may be altered from the original floor plan or design if the Planning Director finds that the alteration will not result in an aggravation of a nonconformity and is otherwise consistent with items 3 through 5 that follow.

(3) Subject to approval by the approving authority (Planning Commission) as a conditional use, a legal nonconforming use may be expanded or changed to serve another use, with the exception that the maximum amount of special relief that can be given is as follows:

(a) The floor area of a building shall not be increased by more than 20 percent.

(b) The land area covered by structures shall not be increased by more than 10 percent.

(4) The entire contiguous ownership of land shall be considered as a single parcel for determination of nonconformity as a consideration for approval of any further development or change in use. A record of separate lot or parcel boundaries shall be disregarded.

(5) A lot of record, or a parcel of land for which a deed or other instrument dividing the land was recorded with Jackson County prior to May 5, 1980, which has an area or dimension less than required by this code, shall be considered legal nonconforming and may be developed and occupied by a permitted use subject to compliance with the minimum standards of this code.

(6) The taking by eminent domain action of a portion of an existing legal nonconforming lot shall not affect the legal right of the owner to use the remainder of such lot in any manner that would have been legal prior to the taking.

(7) If, by the taking by eminent domain action of a portion of a lot, which includes a legal non-conforming sign(s), said sign(s) may be moved to another location on the remaining portion of the lot, as permitted by the Planning Director (or designee), with the signs retaining their legal nonconforming status. Such relocated sign shall otherwise be in conformance with all standards of the *Land Development Code*.

(8) A nonconforming accessory dwelling unit, not meeting the standards of this Code may continue pursuant to approval of all applicable building, fire, life and safety permits deemed necessary by the appropriate approving authority. The nonconforming ADU,

attached or detached, shall not increase or aggravate existing adverse impacts as described in Section 10.034(4), Continuation of a nonconforming ADU shall be permitted for the structure being used as an ADU constructed prior to (effective date of DCA).  
(9) The development of an ADU meeting the standards of Section 10.821 shall not be considered an expansion or aggravation of an existing nonconforming use as described in Section 10.034(4).

\* \* \*

**10.314 Permitted Uses in Residential Land Use Classification.**

The following table sets forth the uses allowed within the residential land use classification by zoning district. Uses not identified herein are not allowed. (See Article I, Section 10.012, for the definition of each listed use.)

These symbols indicate the status of each listed use:

- “P” = Permitted Use.
- “C” = Conditional Use; permitted subject to approval of a Conditional Use Permit. (See Article II, Section 10.184.)
- “X” = Prohibited Use.
- “s” = Special Use (See Article V, Sections 10.811- 10.900, Special Use Regulations)
- “EA” = Permitted only when within an EA (Exclusive Agriculture) overlay district.
- “PD” = Permitted Use if in a PD (Planned Unit Development).

\* \* \*

<b>PERMITTED USES IN RESIDENTIAL ZONING DISTRICTS</b>	<b>SFR 00</b>	<b>SFR 2</b>	<b>SFR 4</b>	<b>SFR 6</b>	<b>SFR 10</b>	<b>MFR 15</b>	<b>MFR 20</b>	<b>MFR 30</b>	<b>Special Use or Other Code Section(s)</b>
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**1. SINGLE-FAMILY  
RESIDENTIAL**

(a) Single-Family Detached Dwelling	P	P	P	P	P	Ps	Ps	Ps	10.710 & 10.826
(b) Zero Lot-Line Detached Dwelling	P	P	P	P	P	X	X	X	10.707
(c) Manufactured Home on Individual Lot	Ps	10.710, <u>10.821</u> , 10.826 & 10.900							
(d) Temporary Shelter	Ps	10.840							
(e) Residential Home (care, training, treatment) (5 or fewer residents)	P	P	P	P	P	P	P	P	

**2. MULTIPLE-FAMILY RESIDENTIAL**

(a) Duplex Dwelling - Interior Lot	X	X	X	P	Ps	Ps	Ps	Ps	10.713 & 10.820
(b) Duplex Dwelling - Corner Lot	X	X	P	P	Ps	Ps	Ps	Ps	10.713 & 10.820
(c) Multiple-Family, Multiplex, or Apartment Dwelling	X	X	X	X	P	P	P	P	10.714
(d) Townhouse/Rowhouse Dwelling	X	X	X	X	P	P	P	X	10.712 & <u>10.821</u>

**PERMITTED USES IN RESIDENTIAL ZONING DISTRICTS**

<b>SFR 00</b>	<b>SFR 2</b>	<b>SFR 4</b>	<b>SFR 6</b>	<b>SFR 10</b>	<b>MFR 15</b>	<b>MFR 20</b>	<b>MFR 30</b>	Special Use or Other Code Section(s)
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**3. SPECIAL RESIDENTIAL DEVELOPMENTS**

(a) Planned Unit Development	X	PD	10.190-198 & 10.412						
(b) Mobile Home Park	X	X	X	Cs	Cs	Cs	X	X	10.860-896

**4. ACCESSORY USES**

(a) Accessory Dwelling Unit (ADU)	Ps	Ps	Ps	Ps	Ps	<u>XP<sub>s</sub></u>	<u>XP<sub>s</sub></u>	<u>XP<sub>s</sub></u>	10.821
(b) Guest House	P	P	P	P	P	X	X	X	
(c) Accessory Building or Use	P	P	P	P	P	Ps	Ps	Ps	10.838
(d) Child (Family) Day Care Home (16 or fewer children)	P P	P P	P P	P P	P P	P P	P P	P P	
(e) Garage or Yard Sale	Ps	Ps	Ps	Ps	Ps	Ps	Ps	Ps	10.832
(f) Home Occupation	Ps	Ps	Ps	Ps	Ps	Ps	Ps	Ps	8.001

\* \* \*

**10.337 Uses Permitted in Commercial and Industrial Zoning Districts.**

A. The uses allowed within each commercial and industrial zoning district are based on the Standard Industrial Classification (SIC) Manual, 1987 Edition. This chapter classifies uses by Industry Group Number (3 digits) of the SIC Manual. When necessary to resolve any ambiguity in defining a use classification as per this chapter the Industry Number (4 digit) classification contained in the SIC Manual shall be used as the acceptable reference source.

B. There are four classifications in the following tables that do not appear in the SIC Manual; “Business Offices,” (001); Parks, Recreation, and Leisure Facilities” (002); “Marijuana-related businesses” (003); and “Dwelling Units” (881). “Dwelling Units” is in the Services group, but this is not intended to suggest any relationship to the SIC classification scheme. In this context the use classification “Dwelling Units”, includes housing types that are allowed in the MFR-30 zoning district.

C. All uses have been identified by zoning district as either permitted, permitted subject to special use standards, conditional, or not permitted.

- "P" = Permitted Uses.
- “Ps” = Special Use (see Special Use Regulations).
- "C" = Conditional uses - permitted subject to approval of a Conditional Use Permit.
- “Cs” = Conditional uses permitted subject to approval of a Conditional Use Permit and the applicable Special Use Regulations.
- "X" = Uses specifically prohibited.
- "\*" = Permitted when within an EA overlay district.
- nec = not elsewhere classified

\* \* \*

**88 DWELLING UNITS**

	C-S/P	C-N	C-C	C-R	C-H	I-L	I-G	I-H
<b>881</b> Dwelling Units	Ps	Ps	Ps	Ps	Ps	Ps	Ps	Ps

The special use ~~reference-regulations~~ for commercial zones corresponds with special use section 10.837 and the special use ~~regulations reference~~ for industrial zones corresponds with special use section 10.835. The special use regulations for Accessory Dwelling Units (ADUs) in commercial and industrial zones corresponds with special use section 10.821.

\* \* \*

**10.821 Accessory Dwelling Unit (ADU).**

For the purposes of this Chapter, a single-family dwelling with a(n) accessory dwelling unit(s) (ADU), as defined herein, ~~located within a single family residential zone~~ shall not be considered a duplex or multiple-family dwelling. ~~In addition to other standards of this~~

~~code, ADUs shall comply with the following development standards:~~

**(A) ADU Development Standards.** ~~In addition to other standards of this code, ADUs shall comply with the following development standards:~~

~~(1) ADUs shall comply with maximum lot coverage and setback requirements applicable to the parcel containing the primary dwelling. Lot coverage may be exceeded by up to 10% when in the SFR-4, SFR-6, SFR-10, MFR-15, MFR-20, and MFR-30 zones when siting one or two Accessory Dwelling Units.~~

~~(2) ADUs shall be allowed only in conjunction with parcels containing one, detached single family dwelling (the “primary dwelling.”); that is one of the following dwelling unit types:~~

- ~~(a) A single-family dwelling~~
- ~~(b) A townhome~~
- ~~(c) A manufactured dwelling located on an individual lot~~

~~Only one ADU per parcel is permitted.~~

~~(3) The ADU may be created through conversion of an existing structure, or construction of a new structure that is either attached to the primary dwelling or detached. Existing accessory structures may be nonconforming, meeting the standards of 10.032-10.037 and subject to approval by the Medford Building Official and the Planning Director.~~

~~(4) The maximum gross habitable floor area (GHFA) of the ADU shall not exceed 5075 percent of the GHFA of the primary dwelling on the lot, or shall not exceed a maximum of 900 square feet, whichever is less. The floor area of any garage, patio, deck, or structure unenclosed by walls shall not be included in the total GHFA. Conversion of existing habitable space attached to the primary dwelling, creating an Attached ADU (ADU-A), shall not be subject to these provisions but shall be subordinate to the primary dwelling.~~

~~(5) Only one entrance may be located on the front of the existing dwelling unless the existing dwelling contained more than one entrance before the addition of the ADU.~~

~~(56) In order to maintain a consistent architectural character, it is recommended that similar building materials, architectural design and colors be used so that the ADU blends with the general appearance of the primary dwelling. An ADU within the Historic Preservation Overlay shall still be subject to applicable reviews as identified in this Code.~~

~~(67) A parcel containing a primary dwelling unit and an ADU shall provide a minimum of two off-street parking spaces designed in accordance with City of Medford standards. A parcel containing a primary dwelling unit and two ADUs shall provide a minimum of three off-street parking spaces designed in accordance with City of Medford standards.~~

~~(7) Reduction in the off-street parking requirements may be reduced~~

- ~~(a) The subject parcel may reduce the requirements of 10.821(A)(6) by a total of one off-street parking space when the parcel meets one of the following:~~
  - ~~(i) The subject parcel is within the Central Business (CB) Overlay,~~
  - ~~(ii) The subject parcel is within the Southeast (S-E) Overlay,~~
  - ~~(iii) The subject parcel is within a quarter (1/4) mile of a transit stop,~~
  - ~~(iv) The subject parcel is within a quarter (1/4) mile of an existing bicycle facility including a bicycle lane, multi-use/shared-use path or a neighborhood bikeway as established per the Transportation System Plan~~

(TSP); or

(b) The subject parcel may reduce the requirements of 10.821(A)(6) by a total of one off-street parking space for each 20 foot increment of lot frontage, excluding any area considered to be a part of the driveway width/throat.

(8) –ADUs shall not be counted in residential density calculations.

(9) A development’s Conditions, Covenants, and Restrictions (CC&Rs) or similar legal instrument recorded subsequent to the effective date of this ordinance shall not prohibit or limit the construction and use of ADUs meeting the standards and requirements of the City of Medford Land Development Code or Municipal Code.

(10) Parcels with access to an alley shall construct the ADU in a way in which access is given to the ADU from the alleyway.

**(B) Siting Multiple ADUs.**

The siting of two ADUs shall be permitted per the standards outlined below in 10.821(B).

(1) Two ADUs may be permitted on any tax lot or parcel in which one ADU is permitted, meeting the standards of this Section. The ADUs shall be subordinate to the primary dwelling. When siting two ADUs they shall also meet the following requirements:

(a) One shall be attached to the primary dwelling and considered an Attached Accessory Dwelling Unit (ADU-A); one shall be detached from the primary dwelling and considered a Detached Accessory Dwelling Unit (ADU-D).

(b) Both Accessory Dwelling Units are detached from the primary dwelling but attached to each other through a common wall or floor; with a total maximum GHFA of 900 sq. ft. for both ADUs combined.

(2) ADUs meeting the standards of 10.821(B)(1)(b) shall constitute two ADUs and shall exclude subject parcels from the allowance of an ADU-A in conjunction with the two ADU-Ds.

(3) Parcels containing two ADUs, shall be required to meet the Site Development Standards of the underlying zone as well as this Section.

(4) When developing two ADUs to a parcel, lot coverage may be increased by no more than 10% of the permitted lot coverage.

**(C) Siting ADUs in Multi-Family and Commercial Zones**

ADUs shall be permitted in multi-family and commercial zones when the following apply:

(1) The predominant use or “primary dwelling” on the property is a single-family dwelling unit.

(2) When siting an ADU in the MFR-20 and MFR-30 zones a single-family dwelling that meets the standards of Section 10.826 shall be permitted an ADU(s) meeting the standards of this Section.

\* \* \*

**10.826 Single-Family Dwelling in Multiple-Family Residential Zones.**

A single-family dwelling may be constructed in an MFR-20 or MFR-30 zone when either of the following two conditions exist:

(1) The existing tax lot is nonconforming because it has less than the minimum lot area, lot width or lot depth.

(2) The existing tax lot would be made nonconforming as a result of a required street dedication that would come from review of a multi-family project on the site.

(3) Accessory Dwelling Units meeting the standards of Section 10.821 may be constructed on tax lots that have single-family dwellings meeting the standards of this Section, 10.821.

\* \* \*

## Exhibit B

# Graphic Representation of Attached ADU (ADU-A) and Detached ADU (ADU-D)



## Exhibit C

# Graphic Representation of Two Detached ADUs (ADU-D) attached together



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# Exhibit D

## ECONorthwest Memorandum

### September 14, 2018

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DATE: September 14, 2018  
TO: Angela Durant, City of Medford  
FROM: Becky Hewitt, ECONorthwest  
SUBJECT: PRELIMINARY FINDINGS FROM ANALYSIS OF FINANCIAL INCENTIVES FOR ACCESSORY DWELLING UNITS

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### Background and Context

ECONorthwest (ECO) is working with the City of Medford on an analysis, funded by a grant from the Oregon Department of Land Conservation and Development (DLCD), of various financial incentives to support and implement the City's housing strategies. Separately, the City also has a contract with another consultant to evaluate potential development code amendments related to housing. ECO's contract is focused on evaluating measures the City could take outside the development code, and will evaluate a range of housing incentives and topics including ways to encourage production of Accessory Dwelling Units (ADUs), tax abatements to encourage greater multifamily housing density and production, and administration of the City's new Construction Excise Tax revenue. This memorandum is an interim product that provides results of an analysis of one of the potential components of the housing strategy: the potential for various financial incentives to encourage production of ADUs.

The City currently allows ADUs as permitted uses in low density residential zones subject to special standards. ADUs can be created through several mechanisms:

- Conversion of existing building space within or an addition to an existing home – referred to in this document as an attached ADU retrofit
- Conversion of an existing detached structure (e.g. a garage or large shed) – referred to in this document as a detached ADU retrofit
- Construction of a new detached structure – referred to in this document as a new detached ADU
- Construction of a new home with an integrated ADU within the home – referred to in this document as a new attached ADU

Based on the best available building permit data, the City has seen over 50 ADUs built in the last 10 years, and at least 170 built in total over the last 20 years. The units built include a mix of

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detached ADU retrofits (one of the most common situations), attached ADU retrofits, and new detached ADUs.

ADUs are typically added by a homeowner, though an investor may consider adding one to an existing or new rental home to increase revenue. Homeowners may have a variety of motivations for adding an ADU on their property, including generating rental income, providing a place for family members or a live-in caretaker to live, having additional space available for guests, etc. Some may aspire to downsize and live in the ADU while renting out the main home. Not all of these motivations demand a financial return on the investment, but cost can be an obstacle regardless of the intended use of the ADU.

While there may be a variety of reasons for homeowners to add an ADU, from the City's perspective, ADUs can be most beneficial to increasing the supply of lower-cost housing options if they are available for rent. In this case, being able to generate enough income to offset the cost or make payments on a loan is a key element of the decision to add an ADU.

Some Oregon jurisdictions, including Portland and Springfield, have made efforts to encourage production of ADUs, including adopting development code changes and providing SDC waivers for ADU projects. Both communities have seen an increase in SDC production, with Portland's annual ADU numbers growing from under 100 per year in 2010 to over 600 per year in 2018. Springfield reports having gone from one ADU permit every few years to three in six months since the code amendments went into effect (the SDC waiver had been adopted about nine months earlier but no ADU permits were received until the code amendments were also complete). This shows the potential for increased up-take as well as the importance of combining code amendments with financial incentives in encouraging ADU production.

## Approach to Analysis and Key Assumptions

There is significant variability in the situation of homeowners within the City, including lot size, size and location of existing home on the lot, zoning, presence of accessory structures (e.g. a detached garage or shed), presence of an alley, home value, existing mortgage balance, access to cash or other financing options, etc. While it is challenging to predict how each individual homeowner would think about the decision to build an ADU,<sup>1</sup> ECO has developed three hypothetical scenarios to test for financial feasibility and the potential impact of financial incentives:

- **Detached ADU retrofit:** Assumes conversion of an existing 380 square foot detached garage or shed. This is approximately the size of one-car garage.
- **Attached ADU retrofit:** Assumes conversion of a 750 square foot unfinished or semi-finished daylight basement in an existing home. This would represent somewhat less than a full floor for a hypothetical 1,700 square foot two-story hom

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<sup>1</sup> ECONorthwest has developed a statistical model to predict ADU production for the City of Seattle based on a range of property-specific factors and the presence of those factors for existing housing in Seattle (available online at [http://www.seattle.gov/Documents/Departments/Council/ADU\\_DEIS\\_2018.pdf](http://www.seattle.gov/Documents/Departments/Council/ADU_DEIS_2018.pdf)); however, this type of effort requires extensive data and analysis and was outside the scope for the current project.

- **New detached ADU:** Assumes construction of a new 550 square foot detached ADU on a lot with an existing home. This is on the larger end of the common range for new detached ADUs in the experience of some local builders.

These assumptions, along with the financial assumptions that follow, are meant to capture relatively typical cases, while acknowledging that individual homeowners’ situations, costs, and financial considerations may vary widely.

In all cases, the existing home was assumed to be roughly 1,700 square feet and valued at roughly \$280,000 (near the median home value for Medford). The home was assumed to have an existing mortgage of \$150,000, in order to test a situation where the homeowner has a fair amount of equity in the home but still has a current mortgage.

ECONorthwest has gathered information regarding construction costs, rents, and financing options related to ADUs from interviews with local industry professionals, past reports on ADUs in Oregon, and online data sources. Key general assumptions as well as assumptions for each of the three hypothetical scenarios are summarized below.

## General Assumptions

### Fees

All three hypotheticals assume System Development Charges (SDCs), building permit fees, school taxes, and Construction Excise Taxes (CET) based on the city’s fee schedules for ADUs / residential construction, as summarized below.

Fee	Assumed Amount	Basis / Notes
Street SDC (City)	\$1,943.82	ADU rate, assuming no direct access to an arterial or collector street
Parks SDC (City)	\$1,851.00	ADU rate, assuming property located outside the Southeast Plan Area
Sewer SDC (City)	\$466.02	ADU rate, assuming City sewer service
Regional Sanitary Treatment SDC (City)	\$1,008.62	ADU rate, assuming City sewer service
Water SDCs (Medford Water Commission)	\$0	Medford Water Commission does not charge SDCs for an ADU unless a new water meter is required. This analysis assumes a new water meter is not required, and that utilities are billed together with those for the main house.
<b>SDC Subtotal</b>	<b>\$6,881</b>	
Building Permit and Review fees	\$2,000 for remodels, \$2,200 for new construction	Includes mechanical, electrical, plumbing, structural, planning department, and driveway permit and review fees (somewhat less than the example published by the City for a new 2 bedroom single family home)
City of Medford Affordable Housing Construction Excise Tax	\$150-\$400 depending on the permit value	Tax is applied based on the permit valuation (applies to remodels and new construction)
School District Construction Excise Tax	\$550 to \$800 depending on the size of the ADU	Tax is applied per square foot (assumes this would apply to remodels of existing space)

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## Financing

While there are various ways an ADU could be financed, the most likely include:

- Home equity loans, which are available from most lenders who offer primary mortgages. These typically provide a lump sum up front and can be fixed-rate or adjustable rate loans with a typical payoff period of 10-15 years. Typical fixed rate, 10-year home equity loans are being advertised at interest rates of 5-6.5%, with higher rates from national banks and a lower rate from local credit unions.
- Home equity lines of credit, which are also typically provided by banks and other mortgage lenders, and are generally adjustable rate loan products that may be drawn against and repaid somewhat flexibly, with an initial draw period and a repayment period. Advertised interest rates range from about 5-7% today.
- Refinancing the primary home, which typically incurs higher financing costs, but may offer a lower interest rate and a longer amortization period (e.g. 30 years) than home equity loans, lowering the additional monthly payment.
- Cash / savings – depending on where people would otherwise have this money invested, the forgone interest / earnings on this money could be modest (e.g. <1% for a savings account) or more significant.
- Loans or other funds from friends or family – this could be low or no interest, an agreement to share some of the revenue from the ADU, or a contribution because the ADU will house the family member with no expectation of repayment, depending on the situation.

The first three options require that the homeowner have sufficient equity in their home to borrow against, and generally limit the total loan amount (including the primary mortgage) to 85% of the value of the home, though some local credit unions may allow loans up to 95% of the home's value. The last two options are, of course, very dependent on the homeowners' personal financial and family situations.

Our financial analysis assumes a 10-year, fixed rate home equity loan limited to 85% of the primary home's value with an interest rate of 6%. This financing option is likely to be available to many homeowners and suitable for adding an ADU, but it is important to keep in mind that some homeowners may have lower cost financing options.

## Rental Options and Assumptions

All three hypotheticals were tested with both long-term rental and short-term rental revenue and operating cost assumptions. Short-term rentals were tested to see whether or in what circumstances they might financially outperform long-term rentals. The purpose of testing short-term rentals was to see whether they might make ADUs financially viable without incentives, and whether the City should be concerned about people using incentives to build ADUs that would then be used as short-term rentals rather than adding to the supply of available rental housing.

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## Long-Term Rentals

We assumed that vacancy rates for long-term rentals are similar across the hypotheticals at just over 6% (about 3 weeks per year of down time). An additional 1% “credit loss” was assumed to account for the possibility that the property owner may not always be able to collect on rents. In all cases, management and listing of the unit was assumed to be done by the homeowner (not a third-party management company), with no value assigned to the homeowner’s time spent on those activities, and no listing fees.

Rents were assumed to vary based on the situation, as described in the scenario-specific assumptions. Rent assumptions came primarily from Craig’s List listings for the most similar properties currently listed.

## Short-Term Rentals

Occupancy rates for short-term rentals were derived from hotel occupancy rates for southwestern Oregon, which have averaged between 52% and 62% since 2011 with significant seasonal fluctuation. A comparison of Airbnb and hotel occupancy<sup>2</sup> found that Airbnb occupancy rates in the US markets studied tended to run between 20 and 45 percentage points lower than those of hotels in the same market. Even in large cities, Airbnb occupancy rates were nearly all found to be below 50%. Based on these two data points, we have assumed an average annual occupancy rate of 35% for short-term rentals in Medford. Note that this is 35% of all 365 days a year; a host may not make the property available every night and have a higher occupancy rate on the days the property is listed as available, but the total annual revenue would be the same.

Nightly rental rates were based primarily on listings in Airbnb for the most similar current “guesthouse”, “cottage” or similar listings in Medford and are assumed to vary based on the situation and how appealing the unit is likely to be.

Management was assumed to be done by the homeowner (not a third-party management company), with no value assigned to the homeowner’s time spent on those activities. Listing fees of 3% were assumed, based on current rates for Airbnb. An additional \$3,000 in up front cost was assumed to account for the cost of providing a furnished rental with cooking equipment, linens, etc. An additional \$100 per year in annual replacement costs was assumed to account for damage to or loss of furnishings beyond what would be recoverable from the renter.

## Other Costs

### Parking

Our analysis assumes that the existing home already has two required parking spaces as required under the code. For homes where this is not the case, enlarging a driveway to add parking could add somewhere between \$5,000 and \$10,000 to development costs, depending on the situation. The physical obstacles to adding more parking may be greater than the costs, and

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<sup>2</sup> “Airbnb & Hotel Performance: An analysis of proprietary data in 13 global markets” by STR Global.  
[http://www.str.com/Media/Default/Research/STR\\_AirbnbHotelPerformance.pdf](http://www.str.com/Media/Default/Research/STR_AirbnbHotelPerformance.pdf)

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preclude the possibility of adding an ADU. This potential added cost and physical constraint is not accounted for in our analysis.

### Transportation Improvements

Another significant cost item that could arise for some properties is a need to improve sidewalks and/or alleys when adding an ADU. These costs can be substantial – thousands or even tens of thousands of dollars. While they will not apply to every property and are not included in the assumed costs for the three hypothetical scenarios, they can be an obstacle for properties where City standards would require these improvements.

## Scenario-Specific Assumptions

### Attached ADU retrofit

- **Construction costs:** Assumed at \$50,000, based on a number of sources, including average cost for attached ADU construction from a survey of Portland ADU owners from 2014 (accounting for some increase in construction costs), building permit data from the City of Medford for attached ADUs, and online home remodel and ADU cost guides.
- **Design costs:** \$3,000 based on input from local industry professionals.
- **Rents:** Assumed at \$750 per month for long-term rentals and \$55 per night for short-term rentals, because this example assumes a basement remodel, which would likely command rents in the middle or towards the lower end of the range for units of similar size in duplexes, ADUs, or apartments.
- **Operating expenses:** Assumed to be modest – about \$600 per year in additional upkeep (e.g. appliance repairs in the additional kitchen and maintenance between tenants); assumes most systems (e.g. hot water heater, roof) are shared with the main house and maintenance costs do not increase. Also assumes about \$70 per month in increased utility bills and homeowners' insurance costs that may not be passed on to tenants.
- **Increase in property value:** Assumed to be negligible, since there is no increase in square footage, and while some people may value having a second independent unit, others may prefer more living space associated with the main house.

### Detached ADU retrofit

- **Construction costs:** Assumed at \$60,000, assuming relatively similar costs for interior work as the attached ADU remodel (despite the smaller size, since most of the cost is in kitchen and bathroom) and additional cost to extend water and sewer services to an accessory structure.
- **Design costs:** \$3,000 based on input from local industry professionals.
- **Rents:** Assumed at \$825 per month for long-term rentals and \$60 per night for short-term rentals, despite the smaller size, since other research by ECONorthwest suggests that detached units tend to be more desirable and command higher rents than basement

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units, but since it would be a converted space, it might still not be the most desirable unit.

- **Operating expenses:** Assumed to be modest but slightly higher than the attached ADU – about \$650 per year in additional upkeep (e.g. appliance repairs in the additional kitchen, a second hot-water heater, and maintenance between tenants); assumes exterior maintenance costs do not increase much if at all because the structure was existing. Also assumes about \$80 per month in increased utility bills and homeowners’ insurance costs that may not be passed on to tenants (utility costs may be higher than with an attached ADU since the space likely would not have been heated prior to conversion).
- **Increase in property value:** Assumed to be modest (about \$8,000 in year 1), since it would increase the habitable square footage of the property, but having a second unit on the property may not appeal to all buyers.

### New Detached ADU

- **Construction costs:** Assumed at \$130,000, based on input from industry professionals. Costs for new construction of a small detached unit tend to be much higher on a per square foot basis than a larger home, because the expensive items (kitchens and bathrooms) vary less than the total size of the unit.
- **Design costs:** Assumed at \$6,000 based on input from local industry professionals.
- **Rents:** Assumed at \$1,100 per month for long-term rentals and \$85 per night for short-term rentals since a new detached ADU is likely to be a relatively desirable place to live and be able to command rents near the top of the market for 1-bedroom units.
- **Operating expenses:** Assumed to higher than other options – about \$1,300 per year in additional upkeep to account for maintenance on both interior systems and the exterior of the new structure. Also assumes about \$80 per month in increased utility bills and homeowners’ insurance costs that may not be passed on to tenants, plus an additional roughly \$380 per year in property taxes since the property value might be assessed higher with the new structure.
- **Increase in property value:** Assumed at about \$25,000 in year 1, since it would increase the habitable square footage of the property and might increase value more than conversion of an existing structure, but having a second unit on the property may not appeal to all buyers.

### Potential Incentives

This analysis looked at the impact of three different potential measures the City could take to encourage ADUs:

- **Waive all City SDCs.** Because the City cannot waive SDC fees from other service providers (e.g. Medford Water Commission), this would not entirely eliminate SDC costs, but would reduce them by \$5,270 for the examples tested.

- **Offer a low-interest loan product.** This assumes the City would offer a 10-year fully amortizing loan with an interest rate of 3.5-4% and an 85-95% loan (plus mortgage) to value limit. How the City would operationalize such a program and the details of how it might work require further discussion and study, but the intent for this analysis was to determine how beneficial it would be to encouraging ADUs.
- **Offer permit-ready plans for new detached ADUs.** This assumes that the City would work with industry professionals to develop one or more standard sets of plans that could be used for new detached ADUs. This would reduce or eliminate design costs by removing the need for an architect and an engineer in most cases and could potentially offer some savings in permit review time and costs. For the hypothetical example, this was assumed to eliminate the assumed design costs and to offer a 10% savings on building permit and review fees.

## Results

Figures 1 through 3 illustrate the results of the financial analysis for each of the hypothetical examples with the base case assumptions and with each of the relevant incentives, as well as with all of the incentives combined.

Figure 1 illustrates how total development costs vary among the hypothetical examples, and how the incentives impact development costs. (Note that the loan interest loan does not reduce the total development cost and is not shown here.)

**Figure 1: Total Development Costs by Scenario**

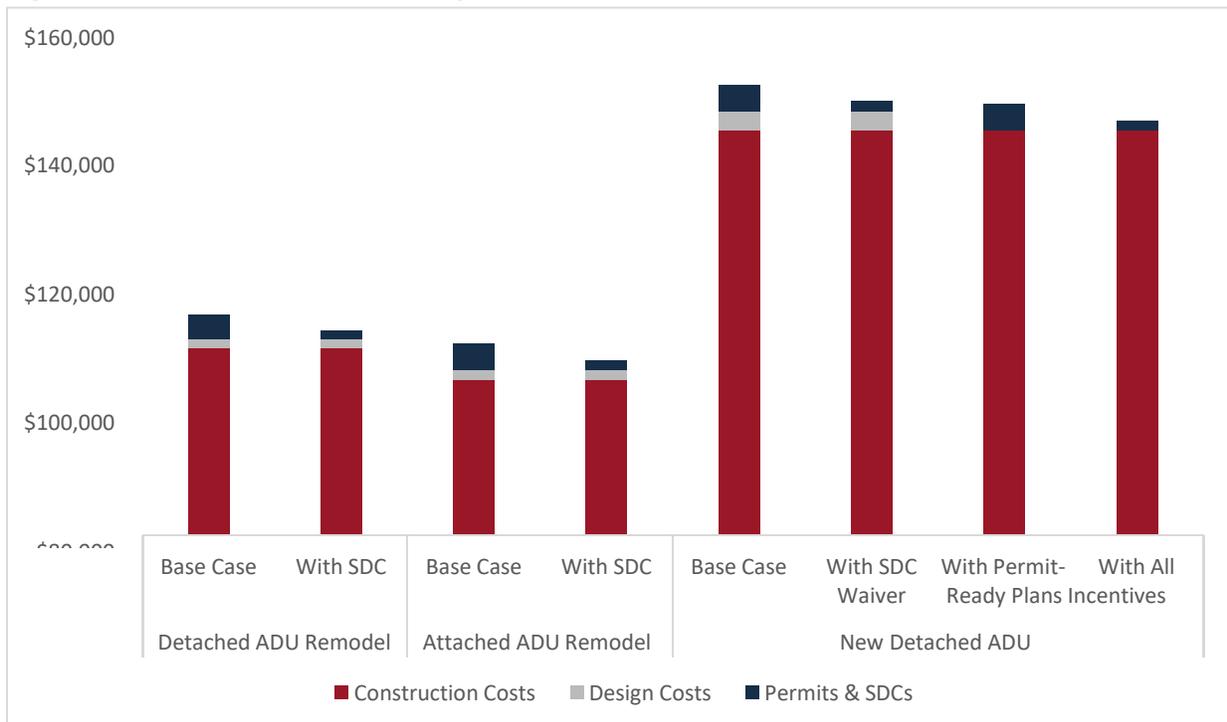


Figure 2 illustrates how short-term rental income is estimated to compare to long-term rental income for each of the three hypothetical ADU situations. Revenue from short-term rentals (like hotel rooms) tends to be highly variable over the course of the year, with strong occupancy and revenue in the summer and very low occupancy and revenue during the winter. While the annual total net operating income (rental revenue less operating expenses) is projected to be lower for short-term rentals, households that prefer to manage a rental only part of the year or intermittently may still prefer a short-term rental.

**Figure 2: Net Operating Income for Long-term vs. Short-term Rental**

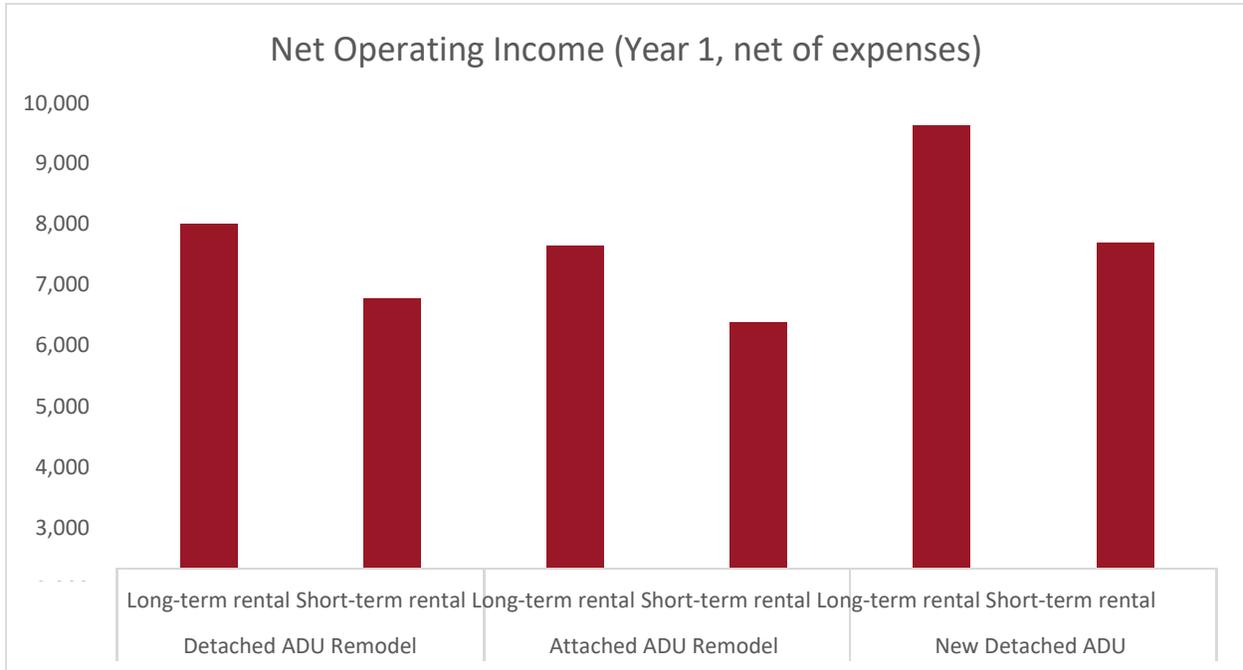


Figure 3 illustrates how net rental revenue, loan payments, and the net cash flow remaining after making loan payments (or the additional cash needed to make the loan payments, where this number is negative) vary among the hypothetical examples and how the incentives change these results. Note that none of the incentives change the net rental revenue. Also note that the rental revenue is projected to grow in future years as rents gradually increase, while loan payments would remain constant. Thus, some scenarios that show a negative cash flow in the first year ultimately have a positive cash flow within the 10-year loan period. For the new detached ADU, because the total development costs exceed the amount of equity assumed to be available in the home, cost savings in total development costs would reduce the cash required up front, but would not reduce the loan payments.

**Figure 3: Revenue, Loan Payments and Net Cash Flow after Loan Payments by Scenario**

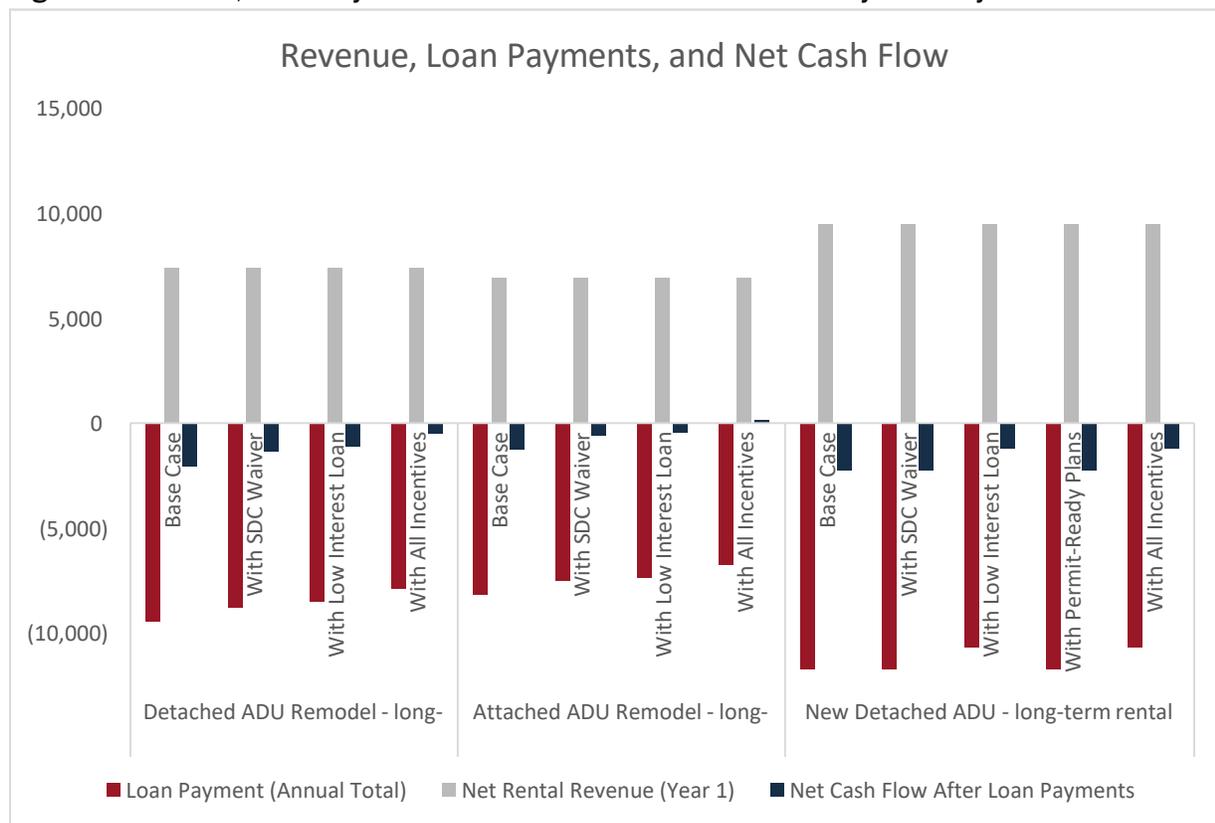
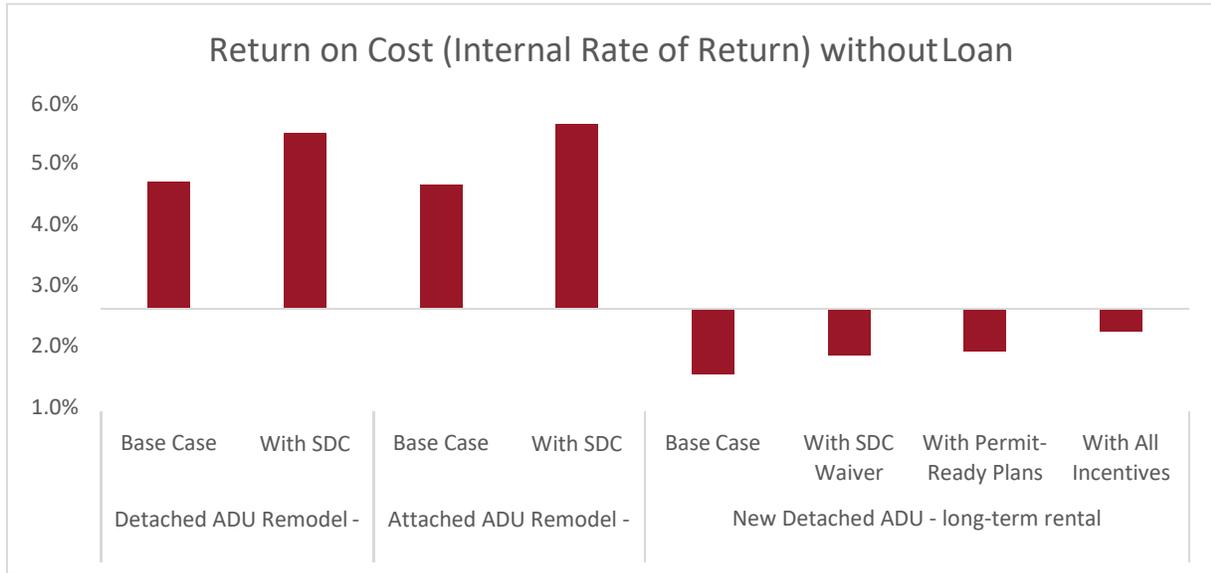


Figure 4 illustrates the internal rate of return over 10 years (the overall return on cost, given the amount and timing of costs and revenues) if a homeowner were able to self-finance the improvements. Note that the low interest loan does not come into play if the homeowner is self-financing, so it is not included below.

**Figure 4: Internal Rate of Return Without Loan by Scenario**



## Preliminary Findings

- **Adding an ADU can be a very costly undertaking, with total development costs ranging from about \$30,000 to over \$180,000 depending on the situation.** This level of financial investment will be daunting for many homeowners, regardless of any actions the City might take. Those with existing structures or basements that lend themselves to ADU conversion are likely to have lower costs.
- **Development fees (permit fees, CET, and SDCs) can total roughly \$10,000 or more for an ADU, accounting for anywhere from 5% to more than 20% of total development cost.** For remodel projects that have lower construction costs, these fees are especially significant. Within this group, System Development Charges as a whole are the largest single item, though streets, water, parks and sewer SDCs are each individually under \$2,000 – likely less than building permit fees. It is worth noting that the affordable housing CET adds only a few hundred dollars to the cost of creating an ADU, which is minor in comparison to the total development cost.
- **Financing can be a challenge.** Loan to value limits for home equity loans, home equity lines of credit, and refinancing may prevent some homeowners from being able to get a loan to cover the full costs of the project, depending on how much equity they currently have in the existing home. Most homeowners likely do not have tens of thousands or even over \$100,000 available from savings or family members, though some will.

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Homeowners who have to make loan payments may have a greater need to reliably generate income from the ADU than those that can self-finance and be more flexible about the payback period.

- **The value of the property remains in the primary home, and the cost of the ADU addition will likely not be fully captured in increased value of the home.** This is especially true where demand for and interest in ADUs is relatively low. As interest builds, the value they add to a property may increase.
- **Net income from an ADU in Medford could be roughly \$7,000 to \$10,000 per year (using current rents) after accounting for operation and maintenance costs.** Even with relatively low rents that would be affordable to households earning 80-100% of Jackson County's area median income, and even after accounting for maintenance and operations costs that homeowners may not fully account in their own evaluation, there is a significant potential income stream from long-term ADU rentals.
- **Short-term rentals create highly variable income, but generally will not out-compete long-term rentals in Medford's market.** Generally speaking, homeowners with an ADU are likely to find long-term rentals to be a more consistent and generally higher revenue stream than short-term rentals in Medford's market. Even so, some people may want to use an ADU for short-term rentals in order to use it for guests when needed or to accommodate a family member who lives there part-time. In addition, highly successful short-term rental listings may significantly out-perform long-term rentals for revenue generation. The addition of financial incentives that could reduce development costs would not change the relative revenue potential from short-term versus long-term rental.
- **Annual net income may not cover the loan payments to finance construction of an ADU unless a homeowner has lower construction costs or access to lower cost financing than the examples considered.** In all three examples tested, without incentives, the net income generated by the ADU was insufficient to cover the home equity loan payments that would be required to finance it. For those who might be able to self-finance, the remodel options without incentives would offer just over a 3% return on investment over 10 years, while the new detached ADU would still not have paid for itself by the end of 10 years.

## Impacts of Potential Financial Incentives

### SDC Waivers

**If Medford were to waive all City SDCs for ADUs, it would save over \$5,000 in up-front costs.** This would particularly benefit homeowners with properties where construction costs are likely to be lower based on the ability to remodel existing space. For the three examples tested, this by itself did not reduce costs enough that rental revenue would fully cover loan payments, but it resulted in roughly \$700 per year in annual savings on loan payments, and increased the return on investment for those who could self-finance from roughly 3% to roughly 4.5% for

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remodels. For a new detached ADU, this by itself was only enough to make the investment roughly break even by the end of 10 years, but would still not generate a positive return.

The fiscal impacts to the City of this loss of revenue would need to be considered, along with the legal considerations of waiving SDC fees for specific product types.

### Low-Interest Loans

**If Medford were to offer a low-interest loan program for homeowners seeking to add an ADU, it could remove a barrier to construction while also reducing the rents required to cover the loan payments.** While there would be many details to consider, this type of loan product could offer a meaningful cost savings and tip the balance towards financial feasibility for some lower cost ADUs even without other incentives. For the examples tested, it was not enough on its own to reduce loan costs such that rental revenue would fully cover them, but at 4% interest it would offer \$740 to \$1,030 per year in savings on loan payments (more for more the more expensive examples). A rate of 3.75% would increase savings to between \$830 and \$1,160 per year.

The City would need to consider its risk tolerance and the potential administrative costs of operating such a program, but if it were established as a revolving loan fund, it might become self-sustaining over time as the loans were repaid.

### Permit-Ready Designs

**If the City offered permit-ready designs for new detached ADUs, it could save thousands of dollars on design costs and potentially also streamline the permitting process, resulting in further savings.** The total savings for the new detached ADU example was estimated at roughly \$6,200 in up-front costs, greater than the value of waiving City SDCs. This tool would only benefit those building new detached ADUs, which tend to be on the more expensive end of ways to create an ADU. However, since not every home has an existing space that can be converted, this could potentially benefit a broader range of properties. (Local industry professionals noted that level sites with existing alley access may be the best candidates for this type of standard plans.) It would also help remove a non-financial barrier by providing homeowners with better, more readily accessible information about what an ADU might look like and how it might fit on their property.

Creating appropriate plans (presumably through a contract with one or more architects and engineers) would have a one-time cost to the City, but would not result in an on-going loss of revenue, except to the extent that permit fees would be reduced. However, any reduction in permit fees would be due to less staff time being required to review the plans, and should generate savings for the City as well.

### Conclusions

While none of the financial incentives alone was enough to tip the balance into financial feasibility for the specific examples tested, a combination of all of the incentives did

significantly improve the viability of all of the examples, and made the lowest-cost retrofit example feasible financially. Since not all homeowners will have the same circumstances and many have non-financial motivations or do not expect to fully recoup their costs, any reduction in costs and obstacles can be expected to encourage some additional ADU production, regardless of whether there is a strong financial return or not. All of the potential incentives tested are impactful enough to merit further consideration, especially as part of a broader effort and package of changes to encourage ADUs. Especially when relying on individual homeowners to take action, creating interest in ADUs and making it seem do-able are also important elements of encouraging ADU production.



**MEMORANDUM**

Subject Urbanization Plans  
File no. CP-16-075 & DCA-18-120  
To Mayor, City Council and Planning Commission  
From Carla Angeli Paladino CFM, Principal Planner  
Date September 17, 2018 *for 09/24/2018 Study Session*

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**COUNCIL AND COMMISSION DIRECTION**

Staff is providing the Council and Commission a second review of the Urbanization Plans topic. Urbanization Plans are needed for properties recently included in the City’s Urban Growth Boundary and must be adopted prior to or concurrently with annexation.

Staff presented the draft language to the Planning Commission on September 10, 2018 and the City Council on September 13, 2018. The information is being presented again for the benefit of those who were not in attendance at either study session.

Staff is seeking general comments and suggested changes from the City Council and Planning Commission related to the topic above prior to entering the hearing process.

**PRESENTATION OUTLINE**

Introduction and Presentation – Carla Angeli Paladino  
Discussion and Direction – Mayor, City Council, and Planning Commission

**OVERVIEW**

On June 8, 2018, the City’s proposal to expand its Urban Growth Boundary by 4,046 acres was finalized at the State level. Just like adoption of the Regional Plan in 2012 and the Internal Study Areas project in 2014 were needed as part of the foundational work to justify expanding the City’s Urban Growth Boundary, the adoption of new procedures and updated utility and facility master plans are necessary prior to annexation and future development of these new areas. Two of the needed plans, the sanitary sewer master plan and the transportation system plan have been discussed between staff and the City Council over the past several years.

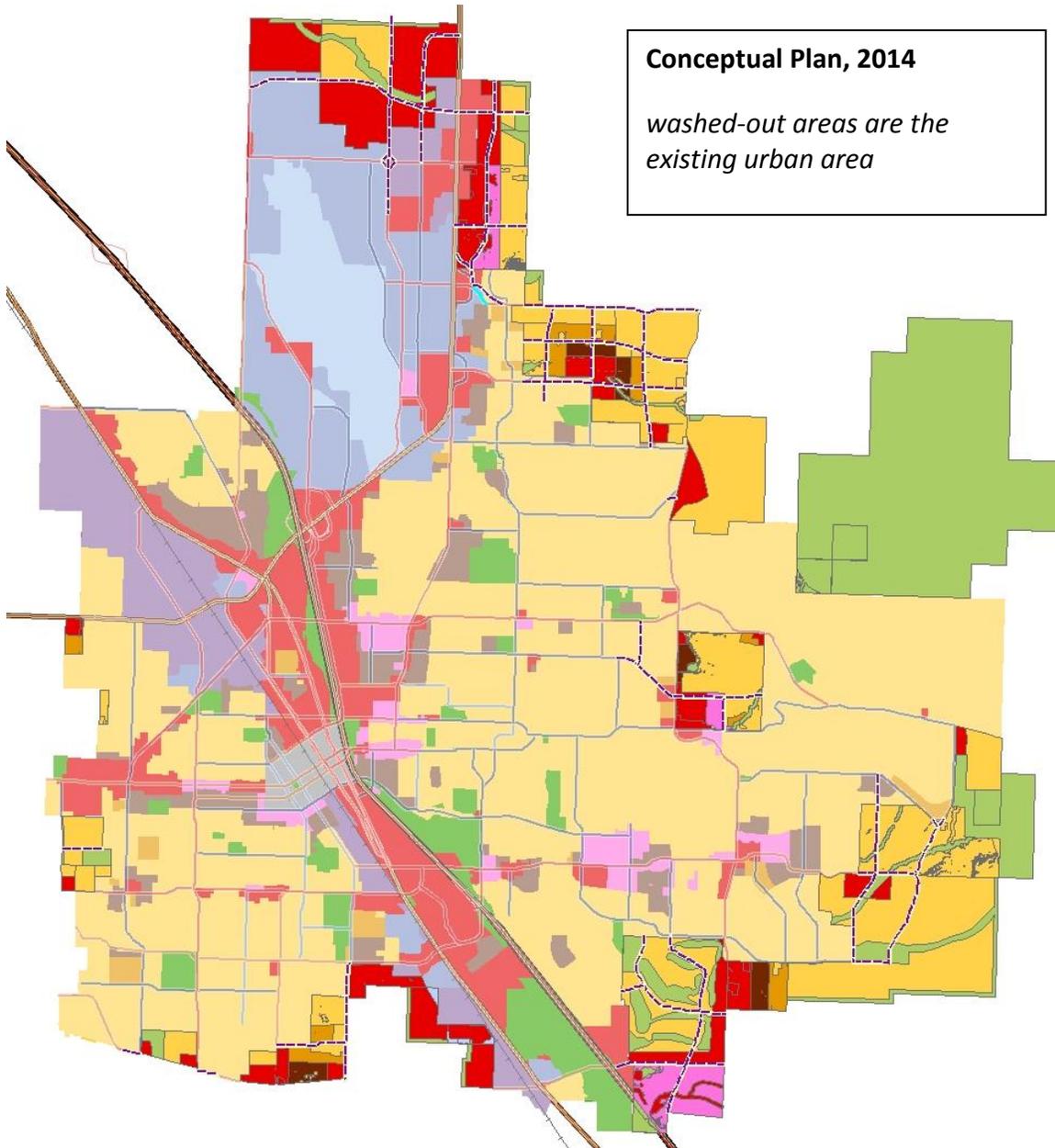
In conjunction with those plans, the City must also adopt a process staff is referring to as Urbanization Plans. Urbanization Plans are needed in order to ensure future development is consistent with requirements outlined in the Regional Plan.

### **Urbanization Element**

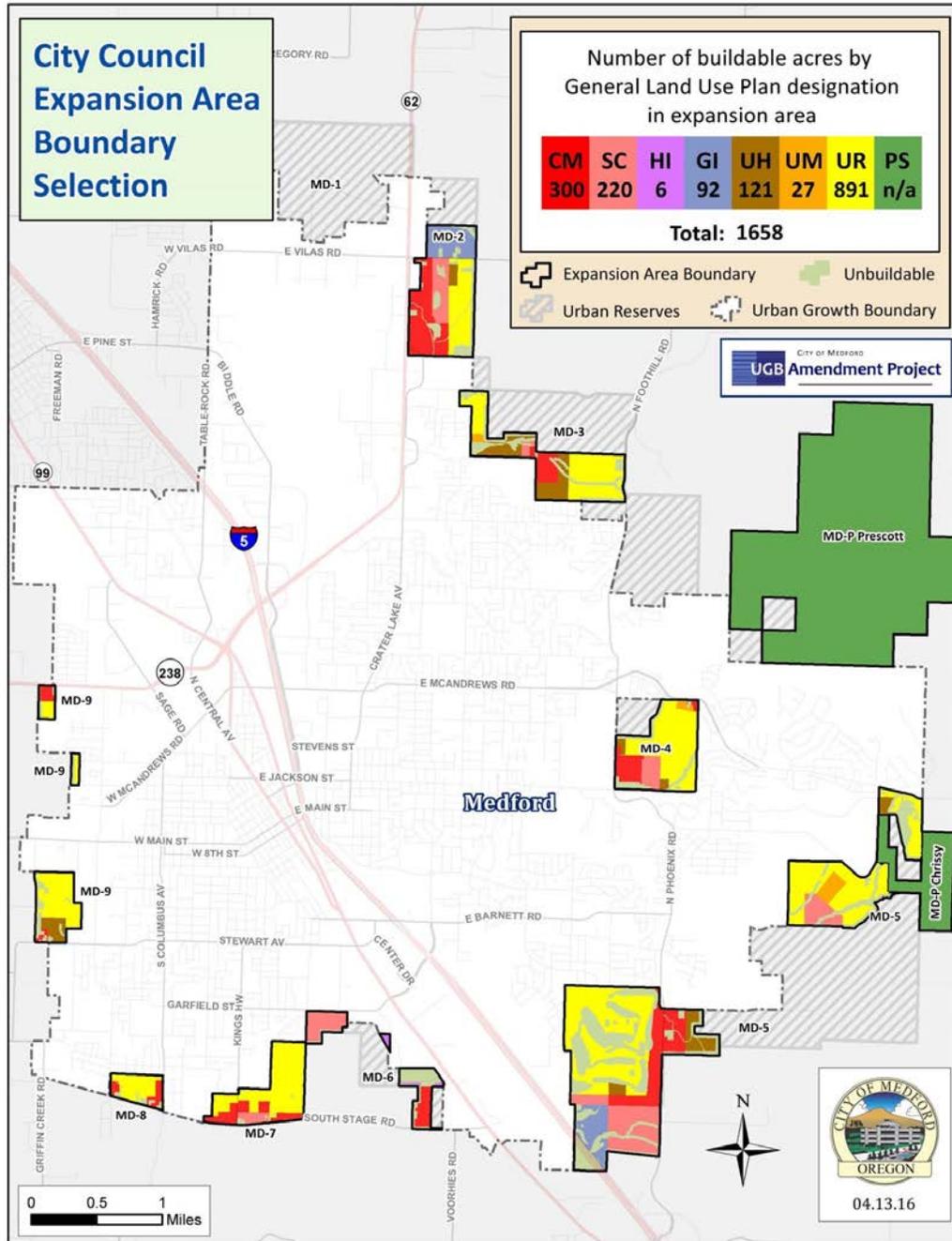
As part of the Urban Growth Boundary expansion process, updates were made to the Urbanization Element of the Comprehensive Plan. This element of the document identifies the policies and procedures agreed upon by the City and County to help transition development from rural land uses to urban land uses. The Urbanization Element includes items such as the Urban Growth Management Agreement (UGMA), a document used by both the City and County to administer regulations for land within the unincorporated portion of the Urban Growth Boundary, and the City's policies on annexation. As part of the Urban Growth Boundary expansion process and as included in the findings of fact adopted by the City Council, the annexation policy was amended to specifically address the conditions needed to be met in order (for Council) to approve an annexation of property in these new expansion areas. The list of conditions specifically includes reference to compliance with a revised Transportation System Plan, Local Wetland Inventory, and urbanization plan (*see Exhibit 1 for full text*). These documents and procedures must be adopted before annexation can occur in the new expansion areas.

### **Neighborhood Element - Urbanization Plans**

The Regional Plan includes a requirement that cities create conceptual plans for their urban reserves before they amend their urban growth boundaries. The Planning Commission and staff created a conceptual plan in 2014 based on the land use distribution table in the Regional Plan (see next page). The conceptual plan identified the location of future residential, employment, and open space uses.



This concept plan became the basis for the General Land Use Plan (GLUP) designations proposed and ultimately adopted as part of the UGB expansion (see below).



The Urbanization Plans would take this concept plan a step further to identify how these new areas will meet the additional requirements of the Regional Plan. Such requirements include meeting the minimum density requirement of 6.6 dwelling units per acre, planning for mixed-use, pedestrian friendly areas, identifying open space and agricultural buffers, and laying out transportation systems in more detail than what is currently approved as part of the UGB expansion.

The Urbanization Plans are proposed to be approved and adopted as major comprehensive plan amendments (Type IV applications), with each plan being incorporated into the neighborhood element as its own “neighborhood plan” or “special area plan”. The proposed language outlines the submittal requirements, the applicable criteria for Council approval, and includes a map that separates each of the expansion areas into planning units (*see Exhibit 2*). Each planning unit will require an urbanization plan unless it is noted as exempt. A unit is exempt if it is entirely within an industrial or open space designation. The urbanization plans are considered high level concept documents and will not show details like access points or individual lot configurations. However, these plans will be used as the foundation for future development upon annexation and as a basis for showing compliance with the Regional Plan.

The initial draft of this amendment was created in 2016 and was presented to the Planning Commission. The proposal has since been amended based on comments received from staff, other referral agencies, and land use consultants who represent property owners in these expansion areas. In May 2018, staff conducted a test run of the proposed regulations with a willing property owner in one of the expansion areas. The test run provided an opportunity for property owners, their representatives, and staff to put the language into action and make modifications as necessary to ensure clear instruction in the text and a workable product. The track change version of the Urbanization Plan document shows the changes made since the test run was conducted. In addition, Chapter 10 of the municipal code has been amended to incorporate this new land use procedure (*see Exhibits 3 & 4*), as well as minor changes to the Review and Amendment section of the comprehensive plan (*see Exhibit 5*).

#### **PLANNING COMMISSION RECOMMENDATIONS & COUNCIL DISCUSSION**

During the Planning Commission study session, it was suggested the following items be considered:

- Clarify the language in Section 4.2.2 (written consent of property owners) or provide another alternative for consideration

- Require a neighborhood meeting before the application is formally submitted
- Discuss with Council if the concept plans presented during the UGB hearing process are expected to be carried forward with this process

### **COUNCIL DISCUSSION**

The above items were discussed with the Mayor and Council during their study session. There was some interest in evaluating the numbers proposed for the written consent of owners' language. The language has been modified to include 50% of property owners and who represent at least 50% of the total property areas. The word 'and' was inserted into the text. There did not appear to be strong opinions regarding the requirement for a neighborhood meeting or if prior concept plans had to be used with this new process. The requirement of a neighborhood meeting has been incorporated for discussion purposes. (*Exhibit 2*)

### **TENTATIVE HEARING SCHEDULE**

The proposal is tentatively scheduled for Planning Commission hearing on October 11, 2018, and a City Council hearing on November 15, 2018.

### **EXHIBITS**

1. Annexation Policy language adopted as part of the UGB Findings
2. Urbanization Planning amendment to Neighborhood Element
3. Municipal Code Chapter 10 amendments to Article I
4. Municipal Code Chapter 10 amendments to Article II
5. Amendments to the Review and Amendment section of the Comprehensive Plan

## Excerpt from UGB Findings – 2.1.7 Annexation Policies

## 2.1.7. Annexation of Property Added to the Urban Growth Boundary from the Urban Reserve

The City Council must find that the following conditions are met in order to approve an annexation of land that was added to the urban area from the Urban Reserve:

1. A revised Transportation System Plan (TSP), which includes the area to be annexed, has been adopted by the City.
  2. A Local Wetlands Inventory (LWI), which includes the area to be annexed, has been adopted by the City.
  3. For the area to be annexed, all Goal 5 resources, including riparian corridors, historic structures/properties, deer and elk habitat, wetlands, and scenic views have been identified and protected in accordance with Goal 5. In particular, the properties north of Chrissy Park and south of Hillcrest Road will comply with the mitigation process outlined by Oregon Department of Fish and Wildlife: [derived from Council Exhibit GGG]
    - a. A mitigation site shall be proposed by the private property owner and presented to ODFW for evaluation. The site proposed shall be approximately 60 acres. The identified site shall be located within the existing Big Game Winter Range Habitat in either the Lake Creek or Grizzly habitat units. Upon request of the property owner, ODFW will provide guidance to help identify potential mitigation site characteristics desired by the Department.
    - b. ODFW will complete the evaluation within 45 days of receipt of a letter requesting a mitigation site evaluation. ODFW will conduct a site visit of the proposed mitigation site. ODFW will provide a letter to the property owner that determines the suitability of the proposed site to meet the mitigation requirements in this condition. The letter shall also detail the habitat restoration efforts that will be required for the site.
    - c. If the property owner accepts the habitat restoration recommendations in 2 above then the restoration shall be completed and the site placed under permanent conservation easement (or other acceptable legal mechanism). Any conservation easement would need to be held by a third party with experience in managing these kinds of agreements, such as the Nature Conservancy or Southern Oregon Land Conservancy.
    - d. If the property owner does not accept the habitat restoration recommendations, the property owner may propose an alternative site or may propose alternative restoration measures in an attempt to reach agreement on a habitat restoration plan.
    - e. Upon completion of the agreed upon restoration for an approved mitigation site and evidence of the recorded conservation easement (or other adequate
-

legal mechanism), ODFW will conduct another site visit. If mitigation is adequate, ODFW will provide the property owner a letter verifying the mitigation has been completed. ODFW will provide a copy of the letter to the Jackson County Development Services Department and the City of Medford Planning Department.

4. An urbanization plan has been submitted, and adopted into the Neighborhood Element, for the area to be annexed which demonstrates compliance with the Regional Plan by showing the following details:
  - a. Compliance with the minimum residential density required by Regional Plan Element item 4.1.5. The urbanization plan must demonstrate how the planned residential development will meet the minimum density requirement of 6.6 units per gross acre assuming all areas within the development will build out to the minimum allowed densities. The following are acceptable methods for meeting the density standard:
    - i. Committing areas to higher density zones within a General Land Use Plan (GLUP) designation. For example, an area within the UR GLUP designation could be designated as SFR-10 (Single Family Residential – 10 units per acre) which would insure a minimum density of 6 units per acre; and/or
    - ii. Requesting residential GLUP map changes—from a lower density designation to a higher-density designation—as part of the master plan approval process. This will allow for additional areas for medium-density and high-density development within the areas added to the UGB. Although this process may cause slight deviation from the Housing Element it is necessary to ensure success in meeting the Regional Plan obligations.
  - b. Compliance with the requirements of Regional Plan Element item 4.1.6. for mixed-use/pedestrian-friendly development.
  - c. Compliance with the land use distribution requirements of Regional Plan Element item 4.1.8.(b).
  - d. Coordination with applicable irrigation district(s).
5. The Centennial golf course must receive an open space assessment from Jackson County for approximately 120 acres of land prior to the annexation of any of the 417 acres that make up the following tax lots:
  - 38-1W-04-100
  - 38-1W-04-101
  - 37-1W-33-700
  - 37-1W-33-801
  - 37-1W-33-900

37-1W-33-1000

37-1W-33-1100

37-1W-33-1200

37-1W-33CA-2000

37-1W-33CD-47006.

6. To substantiate the rationales for including properties that were included at least in part for environmental, social, economic, energy (ESEE) reasons even if they received lower facility adequacy scores, or if they were included for other ESEE reasons, the following commitments offered by land owners during testimony will be binding obligations on the properties to substantiate the rationales for inclusion:
  - a. MD-2 shall include an obligation to reserve land for a school be made to extend for a period of 20 years following final approval of the amendment.
  - b. MD-5 shall provide donation of land for trails per the approved master plan, with the commitment to construct trails that are built concurrent with private development.
  - c. MD-5 East shall provide easements for utilites to allow for the development of adjacent lands currently within the urban growth boundary without ability to provide service in accordance with current municipal code.
  - d. MD-5 East, in the area commonly referred to as the "Hansen Property," shall provide a commitment to improving the existing Cherry Lane adjacent and along the property frontage by direct construction, local improvement district, system development surcharge, or other method as determined as acceptable by the City.
  - e. MD-5 West shall provide a deed restriction for open space areas.

# Urbanization Planning

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## 1. OBJECTIVE

To adopt land use and circulation maps that assure that the Regional Plan Element (RPE) requirements under section 4.1.8 are being met for all areas added to the urban area from the urban reserve before the land can be annexed. Urbanization plans must show compliance with the minimum residential density standard of RPE 4.1.5, the requirement for mixed-use, pedestrian-friendly development of RPE 4.1.6, and compliance with the land use distribution requirements of RPE 4.1.8 (b).

Urbanization plans will encompass cohesive “planning units” within the expansion area. In this context “planning unit” means an area that is bounded by streets, natural features, and/or existing property lines in such a way that it is logical to plan as a unit. The cohesive units are mapped at the end of this division.

## 2. LEGAL EFFECT

An urbanization plan is a “Special Area Plan” as defined in the General Land Use Plan Element, a “conversion plan” as termed in the Urban Growth Management Agreement, and a neighborhood “circulation plan” as used in Chapter 10 of the Municipal Code. As such, an urbanization plan specifies zoning and development patterns in greater detail than the General Land Use Plan (GLUP) and Transportation System Plan maps.

Adopted urbanization plans become appendixes to this division.

### 3. HISTORY

The City of Medford adopted its portion of the Greater Bear Creek Valley Regional Plan as the Regional Plan Element of the Comprehensive Plan in 2012. Through this adoption the City established an urban reserve, from which land will be selected for inclusion into the UGB. The Regional Plan Element established a set of “performance indicators” (standards) that must be met as land is brought into the UGB from the urban reserve. These performance indicators played a role in determining where the UGB would be expanded to meet the City’s land need at the time of UGB expansion. However, further detail is needed in order to ensure that these areas will meet all applicable performance indicators as they are developed. The urbanization plans adopted into this division of the Neighborhood Element demonstrate that all applicable performance indicators from the Regional Plan Element will be addressed as areas develop.

### 4. PROCEDURE

Prior to or concurrently with annexation, urbanization plans must be submitted for each cohesive planning unit added to the UGB from the urban reserve. An urbanization plan shall be submitted for, and include all of the properties in, the added portions only of the planning units within the expansion area. Contiguous units may plan in conjunction and submit their plans together for consideration.

- 4.1 A pre-application meeting is required. The purpose of the meeting is for staff of various departments and agencies to convey objectives and warn of obstacles or concerns before applicant has begun significant work on plans. The property owners within the planning unit shall be notified of the pre-application conference date, time, and location.
- 4.2 Submittal of an urbanization plan is a Major Comprehensive Plan amendment application.
  - 4.2.1 An urbanization plan is a special area plan that refines the existing GLUP map, therefore it is not subject to the General Land Use Plan map amendment criteria in the Review & Amendments chapter. The applicable criteria are the provisions of sections 5 and 6, below.
  - 4.2.2 Application must contain the written consent of at least 50 percent of the property owners, and who representing at least 50 percent of the total property area, ~~and at least 50 percent of the assessed land value for the unit.~~
  - 4.2.3 The urbanization plans will be adopted as appendixes to the Neighborhood Element of the Comprehensive Plan.
  - 4.2.4 The submittal requirements are outlined in Chapter 10 Section 10.220(C) of the Municipal Code.

4.2.5 Applicants must conduct a neighborhood meeting in accordance with Section 10.194 of the Municipal Code.

4.3 The plans will contain sufficient detail to demonstrate compliance with the applicable portions of the Regional Plan. The adopted plans will also be limited to maps, plan policies, and standards needed to demonstrate compliance with applicable portions of the Regional Plan Element. Changes to the General Land Use Plan map, as allowed by the Annexation Policies of the Urbanization Element, and changes to the Functional Classification Map in the Transportation System Plan will be considered under the same application when the urbanization plans are submitted.

~~4.4~~—Exemptions. Areas that have only industrial or open space designations are not required to develop urbanization plans. In the 2016 expansion those areas are MD-2a, MD-5h, ~~and MD-6b~~, and Prescott and Chrissy Parks.

## 5. PLAN CONTENTS

In order to adopt an urbanization plan, the City Council shall be satisfied that the submitted plan adequately demonstrates each of the following:

- 5.1 Compliance with the minimum gross density requirement by pre-zoning areas according to General Land Use Plan designation. For example, if an area contains only low-density urban residential (UR), the zoning districts must be allocated in such a way that if each area built out to the minimum allowed gross density of each district the requirement will be met. For the purposes of calculation, gross density comprises only the land for buildable lots and for public rights-of-way.
- 5.2 A transportation circulation plan map showing:
  - 5.2.1 Locations of higher-order streets.
  - 5.2.2 A highly connected pattern of ~~local residential or private~~ streets, alleyways, and paths. Obstacles to connections will be shown and explained. A high density of intersections is desirable both for efficient utilization of land in the urban reserve and to serve the transportation needs of all modes. Off-street paths count as components of the transportation system, trails (i.e., designed only for recreation) do not. Different types of streets shall be differentiated graphically.
  - 5.2.3 Locations of streets are intended to be accurate. If locations/connections have to be moved or eliminated during subsequent development, resulting connectivity must be demonstrably as good or better as determined by the approving authority for that development action.
- 5.3 Compliance with the open space allocation for an urban reserve area (see land use distribution table in RPE). The allocation shall be proportioned to the size of the co-

hesive “planning unit” with respect to the whole area<sup>1</sup>. Units that contain only Industrial GLUP designations are exempt from this requirement. The following classifications count as open space for purposes of fulfilling the RPE requirements:

- 5.3.1 Parks, both public and private
  - 5.3.2 Agricultural buffers
  - 5.3.3 Riparian corridors
  - 5.3.4 Areas under an “open space” tax assessment
  - 5.3.5 Locally significant wetlands
  - 5.3.6 Slopes greater than 25 percent
- 5.4 Compliance with the requirements of Regional Plan Element, section 4.1.6, for mixed-use/pedestrian-friendly development. Planning units containing only one type of classification are exempt from this requirement.
- 5.5 General high-level coordination and comments with public utility providers, including water, sewer, transportation, and irrigation districts.
- 5-5.5.1 Coordination may include identifying any existing infrastructure on or adjacent to the site and whether it can be maintained or needs to be moved, and the ability or limitations to serve the site.
- 5.6 Location or extensions of riparian corridors, wetlands protections, historic buildings or resources, and habitat protections and the proposed status of these elements.
- 5.7 Compliance with applicable provisions of the Urban Growth Management Agreement.
- 5.8 Compliance with the terms of special agreements between the landowners and other public entities that were part of the basis for including an area in the urban growth boundary, as detailed in the Urban Growth Management Agreement.
- 5-85.9 Coordination with the Parks and Recreation Department for adherence to the Leisure Service Plan related to open space acquisition and proposed trail and path locations in the MD areas.
- 5-95.10 In the interest of maintaining clarity and flexibility for both the City of Medford and for landowners, no urbanization plan may contain the following items, which are only appropriate at the time of development:

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<sup>1</sup> For example, if the planning unit “MD-1a” is 40 percent of area “MD-1,” then it has to contain no less than 40 percent of the open space allocation for the “MD-1” area.

5.9.15.10.1 Deviations from Municipal Code provisions, including exceptions to Chapter 10.

5.9.25.10.2 Limitations on development due to facility capacity shortfalls.

5.9.35.10.3 Architectural details.

5.9.45.10.4 Specifics about building types and building placement.

5.9.55.10.5 Access and internal circulation on prospective lots or development sites.

## 6. ALLOWANCES

The Regional Plan Element allocates land use categories—residential, employment, open space—in specific proportions to each area of the urban reserve. Since those RPE allocations were independent of particular determinations of land needs, there has to be some leeway for the Council and landowners in reconciling current land needs with the prescribed allocations. The following deviations may be considered by the Council when adopting an urbanization plan:

- 6.1 Rearrangement of the GLUP designations within the unit.
- 6.2 Changes within a class of GLUP designations, but only from less intense to more intense. For example, a change from low-density residential to medium-density residential is permitted, but not the reverse.

## 7. AMENDMENTS

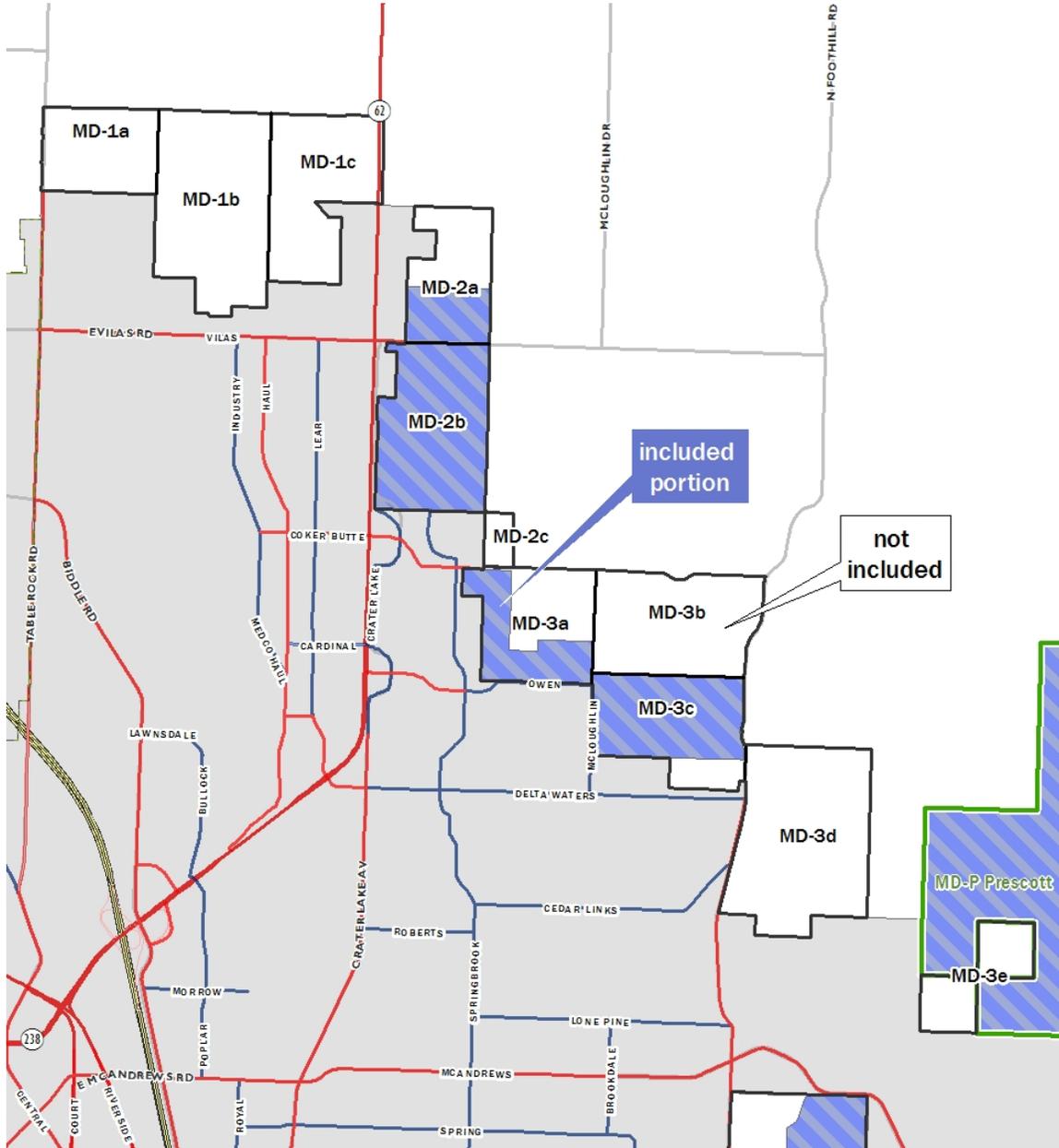
This section prescribes the process for amendments when time has passed and part of a planning unit has developed, but there is a perception that a change should be made to the remainder of the urbanization plan.

- 7.1 Follow the procedures in Sections 4–6, except that the ownership calculation for eligible applicants (see 4.2.2.) includes only the areas of the original extent that have not been developed.
- 7.2 The amended plan will replace the previously adopted plan in this chapter.

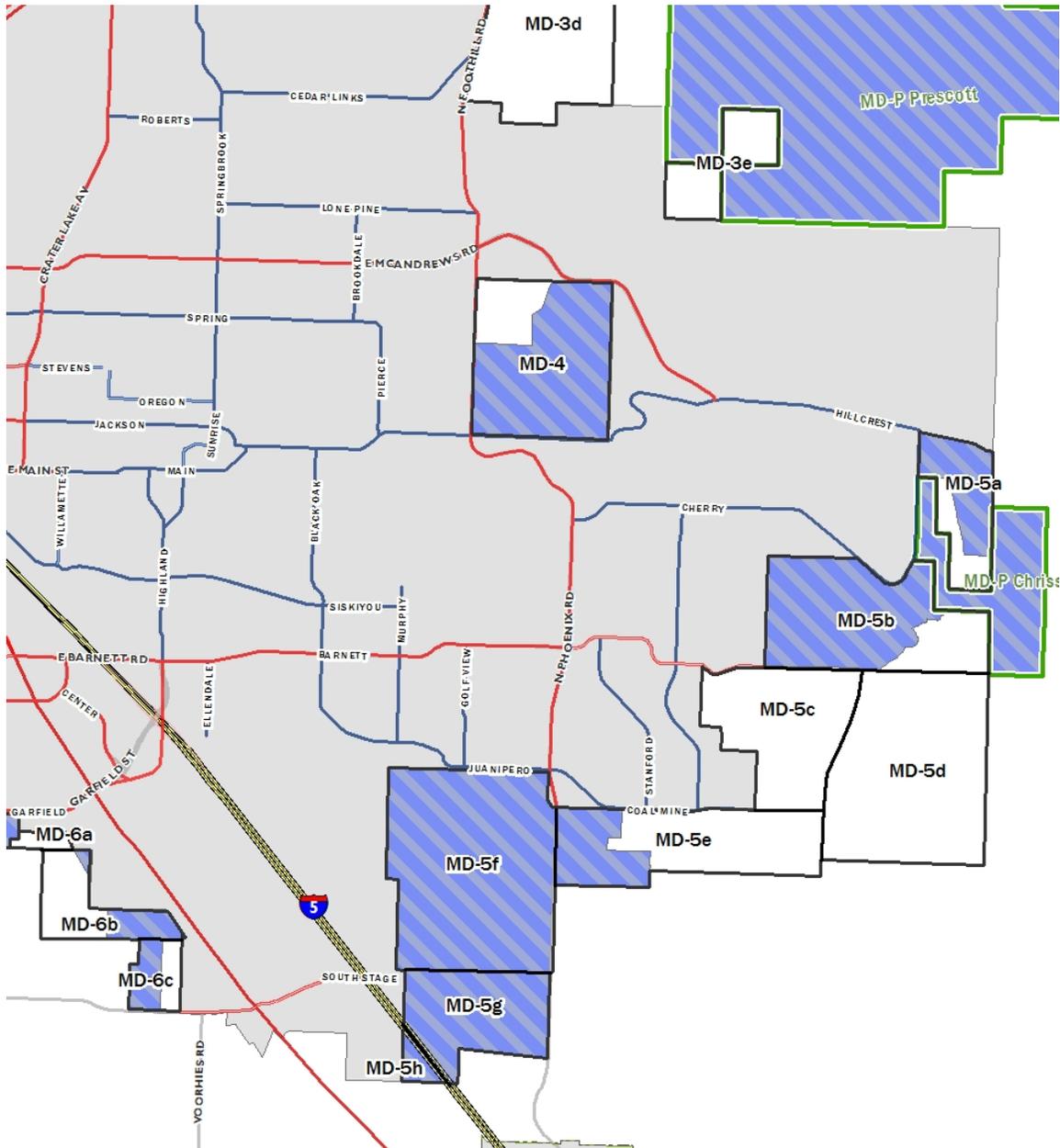
### 8. PLANNING UNIT MAPS

The following maps identify the cohesive planning units for the purposes of administering this chapter. The dark striped areas show the latest UGB expansion.

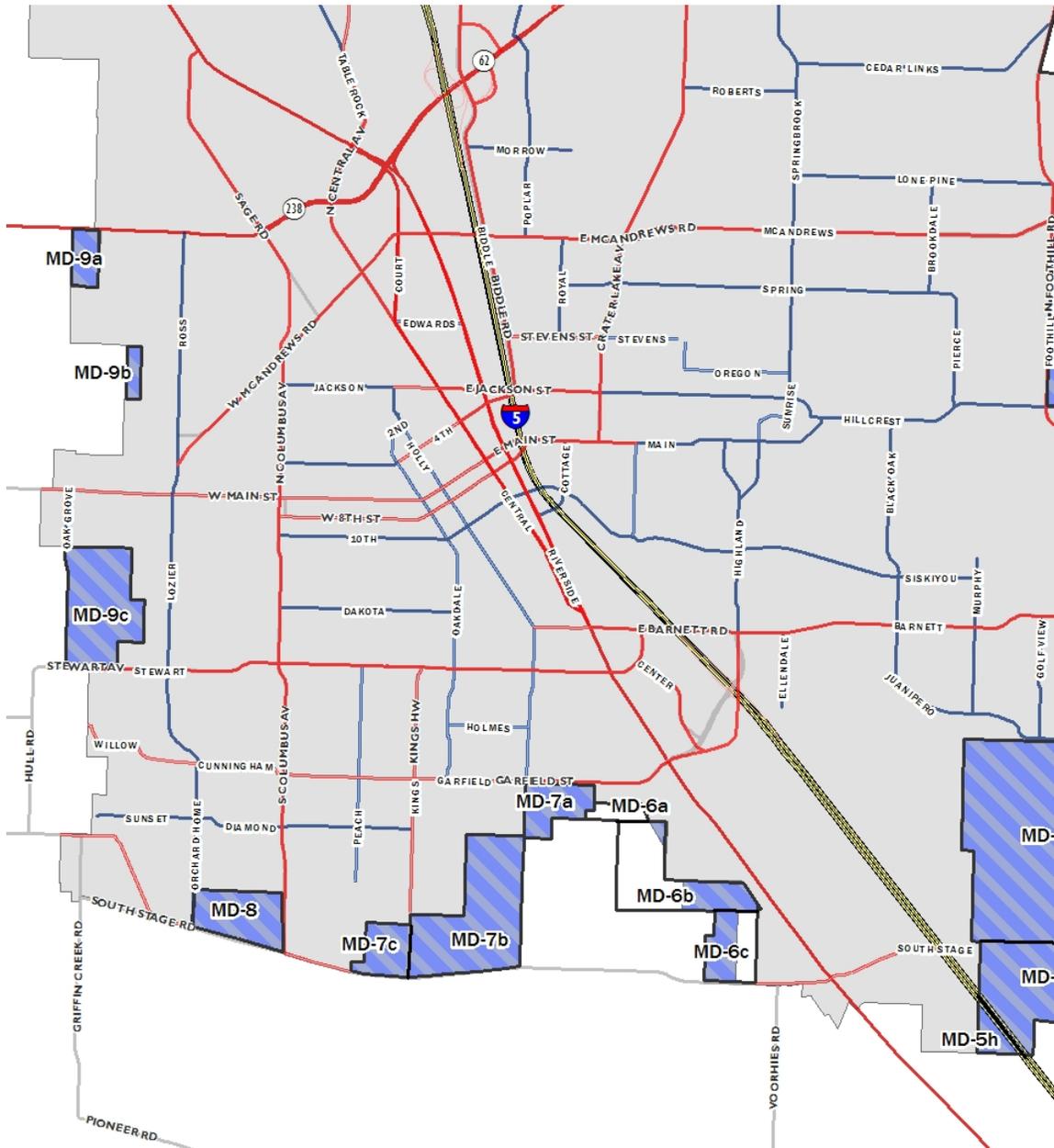
#### 8.1 Areas MD-1 through MD-3 (north and northeast)



8.2 Areas MD-4 through MD-5 (southeast)



8.3 Areas MD-6 through MD-9 (south and southwest)



## 9. OPEN SPACE REQUIREMENTS BY PLANNING UNIT

The open space requirements for each of the designated MD areas is identified in the Regional Plan. The percentages have been applied to each of the planning units and the number of acres of open space required. These are baseline numbers and some planning units may exceed the number of acres based on special conditions agreed upon as part of the Urban Growth Boundary hearing process.

Planning Unit Number	Regional Plan Open Space Percentage	Required Open Space Acres Needed
MD-1 a	6%	7.44
MD-1 b		16.39
MD-1 c		11.90
MD-2 a	0%	0%
MD-2 b	11%	27.01
MD-3 a	16%	40.21
MD-3 b		33.85
MD-3 c		30.07
MD-3 d		48.23
MD-4	15%	41.13
MD-5 a		20.21
MD-5 b		52.53

MD-5 c	19%	39.88
MD-5 d		69.85
MD-5 e		44.71
MD-5 f		80.10
MD-5 g		29.64
MD-5 h	0%	0
MD-6 a		0
MD-6 b		0
MD-6 c		0
MD-7 a		0
MD-7 b	22%	31.31
MD-7 c	13%	3.92
MD-8	29%	16.03
MD-9 a	18%	3.50
MD-9 b		1.69
MD-9 c		18.50

**ARTICLE I - GENERAL PROVISIONS****10.012 Definitions, Specific.**

When used in this chapter, the following terms shall have the meanings as herein ascribed:

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**Urbanization Plan.** An adopted land use and circulation plan showing compliance with the Regional Plan Element for each of the established planning units identified in the Comprehensive Plan. An urbanization plan is a “Special Area Plan” as defined in the General Land Use Plan Element, a “conversion plan” as termed in the Urban Growth Management Agreement, and a neighborhood “circulation plan” as used in this chapter of the Municipal Code. Urbanization plans are required prior to or in conjunction with annexation requests for all areas adopted as part of the 2016 Urban Growth Boundary expansion or future Urban Growth Boundary expansions.

## ARTICLE II - PROCEDURAL REQUIREMENTS

### 10.106 Procedural Types.

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#### (D) Type IV Legislative Procedures.

(1) Legislative decisions that involve the greatest degree of discretion as they establish by law the general policies and regulations for future land use decisions and have either widespread and significant impact beyond the immediate area or change the character of the land use, or affect large areas or many different ownerships.

(2) The Planning Commission shall review Type IV land use permit applications and forward a recommendation to City Council to approve, approve with modifications, approve with conditions, deny, or to adopt an alternative. City Council shall consider and address the recommendation, but shall not be bound by it. The City Council is the approving authority and, if it so determines that a Type IV land use permit application has satisfied the standards and criteria for approval, shall approve Type IV land use applications by ordinance.

(3) Public notice(s), public comment period(s) and public hearing(s) are required according to Section 10.124 of this Chapter

(4) Requested action may be initiated by City Council and Planning Commission (except annexations). ~~or for minor amendments~~ or Urbanization Plans may be initiated, by an applicant(s).

(5) Appeals of Type IV decisions are made to the Land Use Board of Appeals (LUBA) per Section 10.140(I).

[Added Sec. 12, Ord. No. 2018-64, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018.)]

### 10.108 Land Use Review Procedure Types.

Table 10.108-1 identifies the procedural type, applicable standards, and approving authority for each type of land use review as well as whether the 120-day rule in Section 10.104(D) is applicable. Each procedural type is subject to specific due process and administrative requirements of this chapter.

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Table 10.108-1. Land Use Review Procedures				
Land Use Review Type	Procedural Type	Applicable Standards	Approving Authority	Subject to 120 Day Rule (ORS 227.178)?
Minor Modification to a Site Plan & Architectural Review Approval	I	10.200(H)(2)	Planning Director	No
Major Modification to an Approved Conditional Use Permit	III	10.184(D)(1)	Planning Commission	Yes
Minor Modification to an Approved Conditional Use Permit	I	10.814(D)(2)	Planning Director	No
Nonconformities	I	10.032 – 10.036	Planning Director	No
Portable Storage Container	II	10.840(D)(6)	Planning Director	Yes
Park Development Review	III	10.185	Planning Commission	Yes
Pre-Application	I	10.156	Not Applicable	No
Preliminary PUD Plan	III	10.190 – 10.198	Planning Commission	Yes
Property Line Adjustment	I	10.158	Planning Director	No
PUD Plan Revision(s)	III	10.198	Planning Commission	Yes
PUD Plan Termination	III	10.198	Planning Commission	Yes
Riparian Corridors, Reduction or Deviation	I	10.927	Planning Director	No
Sign Permit	I	10.1000 – 10.1810	Planning Director	No
Site Plan and Architectural Review	III	10.200	SPAC	Yes
Tentative Plat, Partition	II	10.170	Planning Director	Yes
Tentative Plat, Subdivision	III	10.202	Planning Commission	Yes
Transportation Facility Development	IV	10.226	City Council	No
Urban Growth Boundary Amendment, Major	IV	Urbanization, 10.220	City Council	No
Urban Growth Boundary Amendment, Minor	IV	Urbanization, 10.222	City Council	No
<a href="#">Urbanization Plan</a>	<a href="#">IV</a>	<a href="#">10.200(B)(4)</a>	<a href="#">City Council</a>	<a href="#">No</a>
Vacation of Public Right-of-Way	IV	10.226	City Council	No
Zone Change, Major	IV	Review & Amendment, 10.220	City Council	No
Zone Change, Minor	III	10.204	Planning Commission	Yes

[Added Sec. 13, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018); Amd. Sec. 1, Ord. No. 2018-86, July 19, 2018.]

**10.110 Designation and Duties of Approving Authorities.**

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(C) City Council Authority. The City Council is hereby designated as the approving authority for all the following land use reviews:

Land Use Review

Annexation

Appeals (See Section 10.140)

Comprehensive Plan Amendment (Major or Minor)

General Land Use Plan Map Amendment (Major or Minor)

Land Development Code Amendment

Transportation Facility Development

Urban Growth Boundary Amendment (Major or Minor)

Urbanization Plan

Vacation of Public Right-of-Way

Zoning Map Amendment (Major)

**10.124 Due Process Element 2: Notification**

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(D) Publication. Unless otherwise indicated, public hearing notices for all proposed land use actions shall be published in a newspaper of general circulation prior to the scheduled public hearing date before the approving authority. The schedule of publication for each procedure type shall be as specified in Table 10.124-1.

Procedure Type	Newspaper Publication	On-Site Public Hearing Sign	Affected Property Owners Notice
Type I	None	None	None
Type II	None	None	
Type IV: Land Development Code Amendment,	Notice shall be published no later than 10 days prior to the public hearing date before the Planning Commission		Generally not applicable to a legislative action unless it

Table 10.124-1: Notice of Public Hearing Schedule by Procedure Type			
Procedure Type	Newspaper Publication	On-Site Public Hearing Sign	Affected Property Owners Notice
Major Comprehensive Plan Amendment, Major Zone Change, <a href="#">Urbanization Plan</a>	(the advisory body), AND No later than 10 days prior to the public hearing date before the City Council (the approving authority).	None	meets ORS 227.186 criteria ( <i>i.e.</i> , the change effectively rezones property). <a href="#">For Urbanization Plans, the public hearing date notice will be sent to all property owners within the project boundaries plus all property owners within 200 feet of the project boundaries.</a>

[Replaced Sec. 22, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018); Amd. Sec. 4, Ord. No. 2018-86, July 19, 2018.]

#### 10.156 **Pre-application Conference.**

Prior to submitting a land use permit application, the applicant may apply for a preapplication conference with the Planning Department. [In the case of an Urbanization Plan, the applicant shall apply for a pre-application conference with the Planning Department prior to submitting a formal application.](#) Upon receipt of an application the pre-application conference shall be scheduled. At the conference there shall an exchange of information regarding procedural requirements, required land use applications, consistency with the Comprehensive Plan and this Chapter, scheduling and such other technical and design assistance as will aid the applicant in preparing a complete application. Upon conclusion of the conference the Planning Department shall provide the applicant with a written summary of the conference.

[Amd. Sec. 1, Ord. No. 5986, Oct. 1, 1987; Amd. Sec. 9, Ord. No. 7659, June 2, 1994; Amd. Sec. 4, Ord. No. 2015-90, Sept. 3, 2015; Replaced Sec. 43, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018).]

**10.214 Type IV Land Use Actions.**

(A) Type IV Actions.

Type IV actions comprise the following land use reviews:

- Type IV Land Use Application
- Annexation, except as provided in Section 10.216
- Land Development Code Amendment
- Major Comprehensive Plan Amendment
- Major General Land Use Plan Map Amendment
- Major Urban Growth Boundary Amendment
- Major Zoning Map Amendment
- Minor Comprehensive Plan Amendment
- Minor General Land Use Plan Map Amendment
- Minor Urban Growth Boundary Amendment
- Transportation Facility Development
- Urbanization Plan
- Vacation of Public Right-of-Way

(B) Major Type IV land use reviews including amendments to the Land Development Code are legislative actions and may only be initiated by the Planning Commission or City Council. An Urbanization Plan is a Major Comprehensive Plan Amendment that may be initiated by the property owners representing the subject area. See Review & Amendments chapter of the Comprehensive Plan for definitions of “major” and “minor.”

(C) Minor Type IV land use reviews including Annexations, Transportation Facility Developments and Vacations are quasi-judicial actions and may be initiated by the Planning Commission, City Council, or property owners representing the subject area. An exception to the preceding rule is that the Planning Commission does not initiate annexations.

(D) Type IV Approving Authorities. For Type IV actions the City Council is the approving authority and the Planning Commission acts as an advisory body to City Council. At a public hearing the Planning Commission will consider the request and make a recommendation to City Council to approve or deny the request. For annexations, the City Council makes a decision without a recommendation from the Planning Commission. Following completion of a recommendation by the Planning Commission, it shall be scheduled for a public hearing before the City Council. The decision of the City Council shall be based upon the application, the evidence, comments from referral agencies, comments from affected property owners (if any), the Planning Commission’s recommendation (if applicable), compliance with the Statewide Planning Goals and Guidelines, this code and the Comprehensive Plan.

[Add Sec. 86, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018).]

**10.220 Major Type IV Amendments.**

(A) Major Type IV Amendments are those land use changes that have widespread and significant impact beyond the immediate area, such as changes capable of producing large volumes of traffic, changes to the character of the land use itself, or changes that affect large areas or involve many different ownerships. Major Type IV Amendments include:

- (1) Major Comprehensive Plan, including separate plans adopted by reference;
- (2) Major General Land Use Plan Map;
- (3) Major Urban Growth Boundary;
- (4) Major Zoning Map Amendment;
- (5) Urban Reserves;
- (6) Urban Growth Management Agreement; ~~or~~
- (7) Urban Reserve Management Agreement; ~~or~~
- (8) Urbanization Plan.

(B) Major Type IV Amendment Approval Criteria.

Refer to the Review and Amendment section of the Comprehensive Plan, except in the case of the following ~~three~~ four actions:

- (1) Major Zoning Map Amendment. Refer to the approval criteria for Land Development Code Amendments in Section 10.218.
- (2) Urban Growth Boundary Amendment. Refer to Urbanization Element of the Comprehensive Plan.
- (3) Urban Reserve Adoption/Amendment. Refer to ORS 195.137–145 and OAR 660-021.
- (4) Urbanization Plan. Refer to Sections 5 and 6 in the Urbanization Planning Chapter in the Neighborhood Element

(C) Urbanization Plan Application Form.

An application for an Urbanization Plan shall contain the following items:

- (1) Written consent of owner(s) within the planning unit per the Urbanization Planning requirements in the Comprehensive Plan.
- (2) Urbanization Plan map drawn to scale (20 copies).
- (3) One reduced copy of each size plan (8.5” x 11” and 11”x 17”).
- (4) Electronic files in dwg format or shapefiles.
- (5) Vicinity map including other adjacent planning units and their General Land Use Plan designations.
- (6) Property lines for the subject planning unit and adjacent properties, particularly where new streets are proposed.
- (7) Existing easements of record, irrigation canals, and structures.
- (8) Areas designated as unbuildable per the Urban Growth Boundary hearing process and the status of those areas including agricultural buffers.
- (9) Written or graphical representation of compliance with the Plan Contents found in Section 5 in the Urbanization Planning Chapter in the Neighborhood Element.
- (10) Written findings showing compliance with the Regional Plan requirements
- (11) Contour lines and topography
- (12) Property owner's names, addresses, and map and tax lot numbers within 200 feet of the project boundaries, typed on mailing labels.

[Amd. Sec. 29, Ord. No. 7659, June 2, 1994; Amd. Sec. 11, Ord. No. 2007-100, May 17, 2007; Replaced Sec. 89, Ord. No. 2018-64, June 21, 2018 (effective July 23, 2018).]

# REVIEW AND AMENDMENTS

Amended July 1, 2010, Ordinance No. 2010-159; Amended June 21, 2018, Ordinance No. 2018-77

## INTRODUCTION

Planning is a process; it is naïve to assume that a single document can answer all the questions or resolve all the problems for all times. Conditions change, resources are shifted, and community goals are revised.

For these reasons it is essential that means exist to keep the Plan dynamic. Oregon's statewide planning program addresses this need in two ways. First, a *post-acknowledgement plan amendment* review process exists to assure that local amendments to a state-acknowledged Plan or its implementing codes and ordinances are consistent with the statewide planning goals and with the plans of other affected agencies. The second statewide approach to assuring the maintenance of local comprehensive plans is by means of a more thorough *periodic review* program which will occur cyclically beginning at least five years after Plan acknowledgment. The *periodic review* program emphasizes internal plan consistency as well as overall compliance with new and revised state rules and statutes.

In addition to these state-administered programs, a well-defined local process to review and revise the *Comprehensive Plan* is essential. The local Plan amendment process should reflect a balance between the desire for maintaining a dynamic and locally responsive plan and the need to provide a reasonable degree of certainty and stability in the rules and processes governing land use. Such a plan amendment process is presented below.

## TYPES OF AMENDMENTS

Because of the diverse structural nature of the *Comprehensive Plan*, it is necessary to categorize plan amendments in several different ways (bearing in mind that all plan amendments are land use actions as defined by state statutes). This Plan contains a variety of components: Data; Conclusions; Goals and Policies; Implementation Strategies; a General Land Use Plan Map; a City-County adopted Urban Growth Boundary and Urbanization Policies; and several other components. Specific procedural requirements for all land use actions are codified in Article II of the *Land Development Code*. Two different procedural classifications will apply to *Comprehensive Plan* amendments as follows:

Procedural Classifications for *Comprehensive Plan* Amendments

## Type IV

Conclusions	Urban Reserve
Goals and Policies	Urban Growth Management Agreement
Implementation Strategies	Urban Reserve Management Agreement
General Land Use Plan Map (minor)	Review and Amendment Procedures
General Land Use Plan Map (major)	Citizen Involvement Program
Urban Growth Boundary (minor)	<a href="#">Urbanization Plan</a>
Urban Growth Boundary (major)	

The distinction between major and minor plan amendments is based on the following definitions which were derived from the Guidelines associated with Statewide Goal 2:

Major Amendments are those land use changes that have widespread and significant impact beyond the immediate area, such as quantitative changes producing large volumes of traffic; a qualitative change in the character of the land use itself, such as conversion of residential to industrial use; or a spatial change that affects large areas or many different ownerships.

Minor Amendments are those land use changes that do not have significant effect beyond the immediate area of the change and should be based on special studies or other information which will serve as the factual basis to support the change. The public need and justification for the particular change should be established.

Disputes. When there is a question or dispute over the type of amendment, the director of the Planning Department shall issue a written decision.

## CRITERIA FOR PLAN AMENDMENTS

Because of the important functional differences among the various Plan components, no common set of criteria can be used to assess all proposed Plan amendments. Below are listed the criteria which must be considered when evaluating proposed amendments to each of the specified Plan components. While all of the criteria may not apply to each proposed amendment, all must be considered when developing substantive findings supporting final action on the amendment, and those criteria which are applicable must be identified and distinguished from those which are not.

Conclusions. Amendments shall be based on the following:

1. A change or addition to the text, data, inventories, or graphics which substantially affects the nature of one or more conclusions.

Goals and Policies. Amendments shall be based on the following:

1. A significant change in one or more Conclusion.
2. Information reflecting new or previously undisclosed public needs.
3. A significant change in community attitude or priorities.
4. Demonstrable inconsistency with another Plan provision.
5. Statutory changes affecting the Plan.
6. All applicable Statewide Planning Goals.

Implementation Strategies. Amendments shall be based on the following:

1. A significant change in one or more Goal or Policy.
2. Availability of new and better strategies such as may result from technological or economic changes.
3. Demonstrable ineffectiveness of present strategy(s).
4. Statutory changes affecting the Plan.
5. Demonstrable budgetary constraints in association with at least one of the above criteria.
6. All applicable Statewide Planning Goals.

Street Re-classifications, including the re-classification of a lower order street to either a collector or arterial street, or when re-classifying a collector street to an arterial street, and when the re-classification is not a part of a major (Type IV) legislative amendment. Amendments shall be based on the following:

1. A demonstrated change in need for capacity which is consistent with other plan provisions.
2. Consideration of alternatives to the proposed revision which includes alternative vehicle routes and alternative travel modes that would better preserve the livability of affected residential neighborhoods.
3. A significant change in one or more Goal or Policy.
4. Statutory changes affecting the Plan.
5. Demonstrable budgetary constraints in carrying out the existing plan.

6. All applicable Statewide Planning Goals.

Map Designations. Amendments shall be based on the following:

1. A significant change in one or more Goal, Policy, or Implementation strategy.
2. Demonstrated need for the change to accommodate unpredicted population trends, to satisfy urban housing needs, or to assure adequate employment opportunities.
3. The orderly and economic provision of key public facilities.
4. Maximum efficiency of land uses within the current urbanizable area.
5. Environmental, energy, economic and social consequences.
6. Compatibility of the proposed change with other elements of the City *Comprehensive Plan*.
7. All applicable Statewide Planning Goals.

Urban Growth Boundary. *See Urbanization Element.*

Urban Reserve. *See Urbanization Element.*

Urban Growth Management Agreement. *See Urbanization Element.*

Urban Reserve Management Agreement. *See Urbanization Element.*

Citizen Involvement Program. Amendments shall be based on recommendations from the Committee for Citizen Involvement (CCI) and on Statewide Goal 1 and any other applicable Statewide Goals.

Review and Amendment Procedure. Amendments shall be based on Statewide Goal 2 and any other applicable Statewide Goals.

[Urbanization Plan.](#) [See Urbanization Planning Chapter in the Neighborhood Element \(Sections 5 and 6\)](#)

## REVISIONS OF DATA, INVENTORIES AND GRAPHICS

Revisions of those portions of the Plan document which do not affect a Plan Conclusion, Goal, Policy, Implementation Strategy, General Land Use Plan Map designation, Urban Growth Boundary, Citizen Involvement Program or Review and Amendment Procedures may be made when needed by order of the Planning Director. Such revision shall be transmitted to the Planning Commission, City Council, and all other recorded holders of the *Comprehensive Plan*.